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ABSTRACT

The "Student Financial Aid Handbook" explains the policies and procedures required for institutions of higher education to administer federally funded student financial assistance programs properly. This volume describes how a school calculates and pays Pell awards to eligible students and how it reports those payments to the Department of Education. The discussion covers what the school must do to process an eligible student's Pell award after the school has received documentation of the student's eligibility. The chapters are: (1) "Student Eligibility"; (2) "Calculating the Federal Pell Grant"; (3) "Pell Reporting"; (4) "Disbursing Pell Awards"; and (5) "Recalculations and Overpayments." (SLD)

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2000-2001

ED 454 753

STUDENT FINANCIAL AID HANDBOOK

Volume 3: Pell Grant Program

Volume 3: Pell Grant Program

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Student Financial Assistance Handbook

Volume 3 of 9
Volume 1: Student Eligibility
Volume 2: Institutional Eligibility
Volume 3: Pell Grant Program
Volume 4: Campus-based Common Provisions
Volume 5: Perkins Loans
Volume 6: Federal Work Study
Volume 7: Supplemental Educational Opportunity Grants
Volume 8: Direct Loan and FFEL Programs
Volume 9: State Grant Programs

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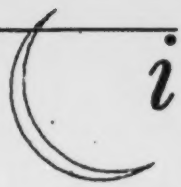
Introduction



This volume describes how a school calculates and pays Pell awards to eligible students and how it reports those payments to the Department. The discussion covers what the school must do to process an eligible student's Pell award after the school has received documentation of the student's eligibility.

OVERVIEW

The Federal Pell Grant Program provides grants to undergraduate students who have financial need and meet the other requirements for SFA assistance (see the *SFA Handbook: Student Eligibility [Volume 1]*).[1] Unlike other programs such as the campus-based programs, schools don't have to make decisions about who receives Pell funds or how much they receive. The Department pays Pell funds to all eligible students, and formulas determine how much each student receives. Schools do have many responsibilities in administering the program, and those responsibilities are discussed in this publication.

Although the Department calculates the student's Expected Family Contribution (EFC) and performs certain eligibility matches, schools are responsible for ensuring that a student is eligible for any aid they disburse (see the *SFA Handbook: Student Eligibility [Volume 1]*). In Chapter 1 of this volume, we discuss Pell-specific student eligibility requirements schools need to be aware of.

The Department provides formulas for calculating the amount of a Pell Grant award. These formulas, as well as other factors relating to award calculation, are discussed in Chapter 2 of this volume.

A school needs to report Pell disbursements to the Department. The Department uses the Recipient Financial Management System (RFMS) for Pell Grant reporting. This system and the reporting requirements are discussed in Chapter 3 of this publication.

In Chapter 4 of this volume, we discuss the rules governing Pell disbursements. Finally, in Chapter 5 of this volume, we discuss handling changes after disbursement, such as recalculations or overpayments.

1. Note that in certain limited cases, students in a postbaccalaureate program can receive Pells; see Chapter 1 of this volume.

Other Information Sources

Throughout the year, the Department provides updates to schools in the form of "Dear Partner" Letters and Action Letters. These letters, as well as other information from the Department, such as Federal Register notices, are available on the Information for Financial Aid Professionals (IFAP) web site at <http://ifap.ed.gov>. The Department also posts system updates and technical guidance announcements on the IFAP site.

The SFA Technical Support web site at <http://www.ed.gov/offices/OSFAP/sfatech/> has information about the Department's electronic reporting systems, including, for example, tips on using RFMS and EDExpress software. It also has instructions for joining the SFATECH e-mail list, where you can post questions to be answered by the Department, and read other questions and answers as they're posted.

If you're looking for general Pell payment information, such as the school's current authorization and the status of batches, or want to request specific Pell data or documents, you can contact RFMS Customer Service at 1-800-4-PGRANT (1-800-474-7268). In addition, there is now an RFMS web page at <https://www.pellgrantsonline.ed.gov>, where you can check the current authorization and status of batches. For specific questions about RFMS, you can contact RFMS Customer Service at the number above or by e-mail at <pell_systems@ed.gov>.

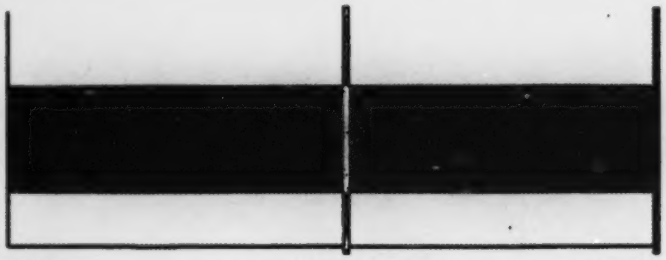
The Department provides software to be used for packaging and for reporting Pell payments as part of EDExpress. Schools aren't required to use this software, but can instead develop their own or use software developed by someone else. For information on the operation of specific software, you should consult the documentation that comes with the software.

RECENT CHANGES

- The maximum award has increased to $3,300 for 2000-2001. The EFC cutoff for Pell eligibility is $3,100. A copy of the Payment and Disbursement Schedules using this maximum award is in Chapter 2 of this volume.

- Currently, a pilot program, Just-In-Time Funding, is being tested as an alternative to the Advance Funding method used by most schools. Because only a few schools are participating in this pilot, the details of this program are not discussed in this volume; instead, the pilot schools should refer to the specific materials they've received as part of the pilot program.

2000-2001 Award Year



DEFINITIONS

There are some important terms we use in the rest of this publication. Some of these terms, such as award year, academic year, and standard or nonstandard terms, are also used for other SFA programs. Others, such as Scheduled Award and annual award, are only used for the Federal Pell Grant Program.

Pell Definitions Cite
34 CFR 690.2

Scheduled Award

A primary concept in the Federal Pell Grant Program is the "Scheduled Award," which is the amount a student receives during an academic year for a given cost of attendance (COA) and EFC, assuming the student is enrolled full time for a full academic year. Therefore, a student will receive less than a full Scheduled Award if he or she does not complete an academic year in both weeks of instructional time and hours.

Scheduled Award Examples
Edmund has a COA of $6,000 for a full academic year and a nine-month EFC of 0. His Scheduled Award is $3,300 (the maximum for 2000-2001). If he attends two semesters as a half-time student at a semester school, he'll actually receive $1650, half the Scheduled Award. Or, if he starts attending full time in the spring, and only completes half of an academic year in 2000-2001, he'll receive no more than half of a Scheduled Award.

The concept of the Scheduled Award has always been important because it limits the student to a maximum payment for an award year. The Scheduled Award can't be exceeded, even if the student transfers to another school or attends for more than one academic year in the award year (for example, by attending a summer session).

Annual Award

The annual award is the maximum amount (from the appropriate Payment or Disbursement Schedule) a student would receive during a full academic year for a given enrollment status, EFC, and COA. Note that for a full-time student, the annual award will be the same as the Scheduled Award.

Annual Award Example
A half-time student with an EFC of 0 and a COA of $10,000 will have a Scheduled Award of $3,300, and an annual award of $1,650. If the student were enrolled less-than-half time, the annual award would be $825. A school might use different annual awards for a student during one award year if the student's enrollment status changes during the year.

Award Year

The award year begins on July 1 of one year and ends on June 30 of the next year.

As already noted, a student can't be paid more than one Scheduled Award during an award year. The regulations provide that students may receive up to a second Scheduled Award during a single award year when announced in the Federal Register by the Department. This announcement occurs when Congress makes

Multiple Award Cite
Sec. 401(a)(6), 34 CFR 690.67

funds available specifically for this purpose. Currently, there is no funding for payment of a second Scheduled Award.

Academic Year Cite
Sec. 481(d)(2); 34 CFR 668.2, 3

Academic Year

The school must define the academic year for each program of study; once it's defined the academic year for that program, it must use that definition for all SFA purposes. The law and regulations provide minimum requirements for an academic year. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information on the definition of academic year.) Briefly, a school's defined academic year must contain at least 30 weeks of instructional time during which a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at a school measuring program length in credit hours, or at least 900 clock hours at a school measuring program length in clock hours. Schools can apply for a waiver of the 30 week minimum.

Calendar weeks vs. weeks of instructional time

Note that for the Pell award calculations, the school will need to determine how many weeks of instructional time are in the program or academic year, or in each term if the school uses terms. In some cases, the weeks of instructional time won't be the same as the number of calendar weeks. Chapter 2 of the *SFA Handbook: Institutional Eligibility and Participation (Volume 2)* explains how to determine weeks of instructional time. A school should be careful not to use calendar weeks when it should be using weeks of instructional time.

Different academic year for different programs

Depending on the academic nature of the programs involved, a school can define an academic year differently for different programs of study. For instance, it can set an academic year of 900 clock hours and 30 weeks of instructional time in one program and 1,200 clock hours and 40 weeks of instructional time in another. The school can even use a different academic year for an evening program, as opposed to a day version of the same program, as long as each academic year meets the minimum requirements for an academic year. If the school establishes separate versions of a program, with different academic years, but allows individual students to take courses in both versions, the school must be able to determine which program the student is actually enrolled in.

Standard Term and Nonstandard Term

Generally, if all the coursework can be completed within a specific timeframe, the program can be considered term-based. Term-based schools can have either standard terms or nonstandard terms. Pell Grants are calculated differently for the two types of terms.

Standard terms

Standard terms are semesters, trimesters, or quarters, as these words are traditionally used. In traditional usage, an individual semester or trimester provides about 15 weeks of instructional time and full time is defined as at least 12 semester or trimester hours; the

program's academic calendar gener[illegible] consists of three terms, one each in fall, spring, and summer. In traditional usage of the term quarter, an individual quarter provides about 10 to 12 weeks of instructional time and full time is defined as at least 12 quarter hours; the program's academic calendar generally includes three quarters in the fall, winter, and spring and often a summer quarter as well.

Nonstandard terms

Any term that isn't one of the standard terms described above is a nonstandard term. Nonstandard term has sometimes been used to refer only to terms of unequal length, but under this definition terms of equal length can be nonstandard terms.

Nonstandard Term Examples

Bylsma Conservatory has an academic calendar with four terms each with 8 weeks of instructional time in the academic year. These terms are nonstandard terms.

Hart University has a program with one term that is 4 weeks of instructional time between two terms, each with 15 weeks of instructional time. These are also nonstandard terms.

Student Eligibility

CHAPTER 1

A school must ensure that each recipient meets the eligibility requirements for the Federal Pell Grant Program. In this chapter, we discuss Pell-specific eligibility requirements.

GENERAL SFA ELIGIBILITY REQUIREMENTS

To receive a Pell, the student must meet the general eligibility requirements for SFA aid. These requirements are discussed in detail in Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1).*

Financial Aid History

One of the general eligibility requirements is that the school needs a financial aid history for any student who attended another school. This financial aid history is especially important for a student who is eligible for a Pell Grant, because the school will need to know how much the student received for the year at other schools. Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1)* discusses how a school gets a financial aid history; in Chapter 2 of this volume we discuss how the school uses the information from the financial aid history in calculating a Pell for a transfer student.

PELL REQUIREMENTS

Two Pell-specific eligibility requirements are that the student either be an undergraduate or be in an eligible postbaccalaureate program, and not be incarcerated in a federal or state penal institution.

Undergraduate Student Requirement Cite
Sec. 401(c), 34 CFR 690.6

Undergraduate Student

In general, a student must be an undergraduate to receive a Pell Grant (see "Eligible Postbaccalaureate Program" for an exception). For Pell purposes, the regulations define an undergraduate as one who is enrolled in an undergraduate course of study and who hasn't earned a baccalaureate degree or its equivalent or a first professional degree.[2] ("Professional degree" means a degree offered by professional programs such as pharmacy, dentistry, or veterinary programs.)

Undergraduate Student Definition Cite
34 CFR 690.2

2. Occasionally, a student will complete all the requirements for a bachelor's degree but will continue taking undergraduate courses without accepting the degree. The school must decide at what point it considers the student to have completed the baccalaureate course of study. If the school considers the student to have completed the baccalaureate course of study, the student is no longer eligible to receive a Pell.

Incorrect Reporting on FAFSA

If a student who is an undergraduate incorrectly reported on the Free Application for Federal Student Aid (FAFSA) that he or she will be a graduate student or has a bachelor's degree, this information must be corrected. Because the application information shows that the student isn't an undergraduate, the Department's records will show that he or she is ineligible for Pell. If the application information isn't corrected, the school won't be able to receive Pell funds from the Department for that student.

Length of undergraduate study

An undergraduate course of study under the Pell definition is one that usually doesn't exceed 4 academic years or is a program of 4 to 5 academic years designed to lead to a baccalaureate or first professional degree. If the program is longer than 5 years (for example, a 6-year pharmacy program), then students enrolled in that program are considered undergraduate students only for the first 4 academic years of the program.

Foreign or unaccredited degree

It doesn't matter if the baccalaureate or professional degree is from an unaccredited or foreign school[3], or isn't accepted or recognized by the school the student is enrolled at. A student who has earned such a degree is still ineligible for Pell. It also doesn't matter if the student just claims to have a baccalaureate or professional degree without any documentation.

Degrees below the baccalaureate level

Note that a student who has already received an associate degree, but who enrolls in another undergraduate program, would continue to be considered an undergraduate student until he or she has completed the academic curriculum requirements for a first bachelor's degree. (This is true for any student who has received a certificate or diploma below the baccalaureate level.)

Eligible Postbaccalaureate Program and the FAFSA

34 CFR 690.6(c)

Normally, a student who indicates in Question 34 of the FAFSA that he or she has a bachelor's degree won't be listed in the Department's records as a Pell-eligible student, and the school won't be able to receive Pell funds for the student. However, in order to allow students who are eligible under the postbaccalaureate program provision to be paid, students who correctly report that they have a bachelor's degree but also indicate in Question 31 that they're in a teaching credential program will be listed as Pell-eligible students. Of course, the school must determine whether the student actually qualifies for the Pell under the eligible postbaccalaureate program provision.

Eligible Postbaccalaureate Program

The Higher Education Amendments of 1998 added a provision allowing certain students who have received a bachelor's degree to receive a Pell Grant when enrolled in postbaccalaureate teacher certification programs. It is important to note that this is a very limited exception to the requirement that at Federal Pell Grant recipient must be an undergraduate student enrolled in an undergraduate program. Because of the restrictions that apply to this provision, only a limited number of programs exist where students will be eligible for Pell Grants.

The Department issued final regulations regarding postbaccalaureate Pell Grant eligibility on October 28, 1999. Beginning with the 2000-2001 award year, an otherwise eligible student who has a bachelor's degree, and is enrolled in a postbaccalaureate teacher certification or licensure program, is eligible to receive a Pell Grant for the period of time necessary to complete the program only if:

- the program consists of the courses required by a state to receive a professional certification or licensing credential necessary for employment as a teacher in an elementary or secondary school in that state;

3. In some cases, there may be written documentation that the baccalaureate degree from the foreign school is not equivalent to the baccalaureate degree awarded in the U.S. In that event, the school in the U.S. may determine that the student does not have a baccalaureate degree. This documentation may include information about the type of institution and total years of education leading to the foreign degree.

- the program does not lead to a graduate degree;
- the school offering the program does not also offer a bachelor's degree in education;
- the student is pursuing an initial teacher certification or licensing credential;
- the student is enrolled at least half-time; and
- the program is a postbaccalaureate program.

For purposes of determining the eligibility of a student for a Pell Grant under this special, limited provision, the definition of a postbaccalaureate program is a program that, generally, requires a student to have a bachelor's degree before being admitted to the program. Accordingly, a program where undergraduate students are routinely allowed to enroll would not meet the definition of a postbaccalaureate program for this purpose, nor would a program that is generally open to undergraduates but that also admits students with bachelor's degrees. In addition, a program does not meet the requirements for this provision if the courses in that program are offered by the institution in another program for students without a bachelor's degree.

For Title IV purposes, a school must treat a student who receives a Pell Grant under this provision as an undergraduate student enrolled in an undergraduate program. Note, however, that a student enrolled in a postbaccalaureate teacher certification or licensure program is not eligible for FSEOG funds.

Incarcerated Students

Incarcerated Students and Pell Cite
Sec. 401(b)(8), 34 CFR 668.32(c)(2)(ii), "Dear Colleague" Letter P-94-7

Students incarcerated in federal and state institutions aren't eligible for Pell Grants. However, students incarcerated in local penal institutions can still receive Pell Grants. Students incarcerated by jurisdictions defined as a state in the law (such as the District of Columbia) are considered to be incarcerated in a state institution and aren't eligible for Pell Grants. A student isn't considered incarcerated if he or she has in a halfway house or home detention, or sentenced to serve only on weekends.

COA for Incarcerated Students Cite
Sec. 472(6)

Allowable costs of attendance for incarcerated students are limited to tuition and fees and those books and supplies specifically related to the student's course of study. See the *SFA Handbook: Student Eligibility (Volume 1)* for general information about the COA, and Chapter 2 of this volume for more about the COA used for Pell.

SPECIAL PROGRAMS

Some programs, such as correspondence programs, have additional requirements, or other factors that need to be considered in awarding Pell.

Consortium Agreements (Between Eligible Schools)[4]

Prohibition on Pell from Two Schools Cite
34 CFR 690.11

A student can't receive a Pell Grant from more than one school at a time. However, a school can pay a student who is enrolled in one of its eligible programs for courses taken at other eligible schools if those courses apply to the degree or certificate in the first school's program. To pay such a student, the school must first have a written consortium agreement with the other school(s) the student is attending.

Consortium Agreement Cite
34 CFR 690.9

Elements of a consortium agreement

A consortium agreement establishes that the "home" institution considers the student to be enrolled in an eligible program and unconditionally accepts the credits earned at the "host" institution for credit towards the educational program at the home school. The agreement should further specify which school will be responsible for awarding and disbursing aid and monitoring student eligibility. (Usually, the home institution is responsible for disbursements, but if the student is enrolled for a full term or academic year at the host institution, it may be easier for the host institution to monitor the student's eligibility and make payments.)

Other factors that may need to be addressed in the agreement are the applicable refund policy, satisfactory progress policy, and any procedures for calculating the total COA and enrollment status for the student (see Chapter 2 of this volume for more on determining the COA and enrollment status).

The consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when the student takes related courses at neighboring schools or when the student is in an exchange program with another eligible school for a term or more. The written agreement ensures that the student will receive payment from only one school in a given payment period. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information on consortium agreements.)

It's the responsibility of the school that disburses the Pell award to maintain information on the student's eligibility, how the award was calculated, what money has been disbursed, and any other documentation, even if some of that documentation must come from other schools.

4. If the written agreement is with an ineligible school, see the discussion of contractual agreements in the *SFA Handbook: Institutional Eligibility and Participation (Volume 2)*. Generally, a school can't enter a contractual agreement with a school that's lost its eligibility (for example, a school can't contract with a school that's prohibited from participating in federal Title IV student financial aid programs). In a contractual agreement with an ineligible school, the student must be enrolled for the entire program at the eligible school, even though a portion of the program is provided by contract with the ineligible school. Thus, the student's enrollment status and COA are based on the hours taken at, and the costs in, the eligible program.

Correspondence Study

Students enrolled in correspondence courses are eligible for aid under SFA Programs only if the courses are part of a program leading to an associate, a bachelor's, or a graduate degree. Also, to be eligible, a correspondence program must meet the criteria for an eligible program (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*). In Chapter 2 of this volume, we discuss special provisions for calculating Pell Grants for correspondence programs.

Foreign Study

A student can be paid a Pell Grant for study at a foreign school only if the coursework is taken as part of an eligible program at an eligible U.S. school. The foreign study arrangement must be covered by a written agreement between the two schools. Such an arrangement would have to meet the same requirements as a contractual agreement (see the discussion in the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*).

Students enrolled in study abroad programs with costs of attendance higher than those of the home school may receive a higher Pell award to cover those costs, not to exceed the maximum Pell award.

Workforce Investment Act (WIA) Programs

If a program conducted with funding provided through the Workforce Investment Act (previously called the Job Training Partnership Act, or JTPA) is offered by an eligible school and meets the definition of an eligible program, eligible students in that program can receive Pell assistance.

ESL as an Eligible Program

Schools may pay Pell Grants to students enrolled in ESL programs if such programs consist solely of ESL coursework, meet the definition of an eligible program (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*), and enroll only undergraduate students who need the program to be able to use already existing knowledge, training, or skills. The school needs to request an eligibility determination for the program from the Department.

ESL as an Eligible Program Cite
34 CFR 668.8(j)

FINANCIAL NEED

To receive a Pell, a student must have financial need. The Expected Family Contribution (EFC) formula is the standard formula used in determining financial need for the SFA Programs. The formula produces an EFC number.

The lower the EFC, the greater the student's financial need. Thus, the neediest students will have an EFC of 0 and may be eligible for the maximum Pell award of $3,300 if their cost of attendance is high enough and if they will be attending full time for a full academic year.

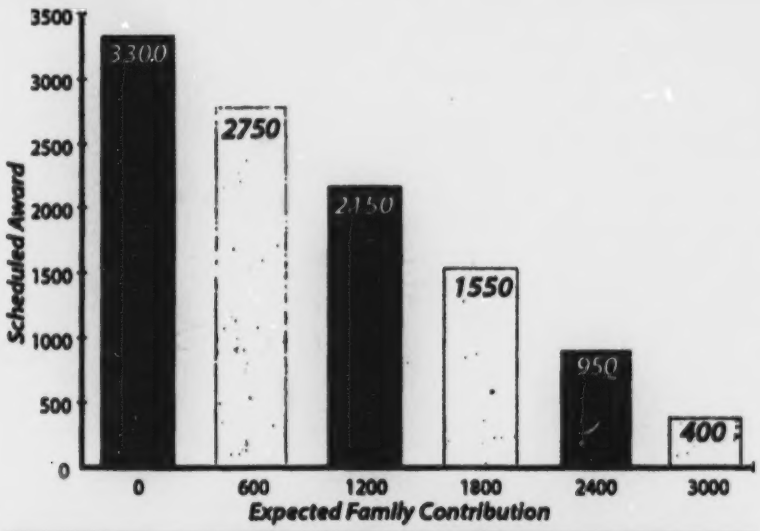
As the EFC increases, the student's need is less and so the amount of the award decreases; after the maximum EFC eligibility of $3,100,

Religious Orders and Need

In most cases, if a student is a member of a religious order, he or she is eligible only for unsubsidized loans (see the SFA Handbook: Student Eligibility [Volume 1]).

Scheduled Awards Example

2000-2001 Scheduled Awards based on a cost of attendance of at least $3,300. As the EFC increases, the Scheduled Award decreases. Do not use this example to make awards.



the award becomes $0. The financial aid administrator can also use professional judgment to adjust the student's COA.

The EFC is computed by the Central Processing System (CPS) and is based on the information the student reported on the FAFSA. The EFC is included along with the student's application information on the student's output document.

Professional Judgment

The financial aid administrator, using professional judgment, can adjust one or more of the data elements used to calculate the EFC. (Aid administrators *cannot* adjust the EFC *formula*.) The financial aid administrator can also use professional judgment to adjust the student's COA. See the *SFA Handbook: Student Eligibility (Volume 1)* for information on using professional judgment. The adjustment must be based on a student's individual circumstances and must be documented in the student's file. If the financial aid administrator makes an adjustment for the Federal Pell Grant Program, the same adjustment must be used when awarding campus-based aid, subsidized Federal Stafford Loans, and subsidized Direct Stafford Loans.

Reporting Changes

If there were errors on the student's application or the school decides to make an adjustment, there may be changes to the data that affect the EFC. Any change that would result in a change to the amount of the student's Pell award has to be reported back through the CPS for reprocessing. If the EFC change doesn't affect the Pell award, the correction or other change doesn't have to be sent to the CPS (see the *SFA Handbook: Student Eligibility [Volume 1]* for detailed

information on when reprocessing is required). The school must always be sure that the EFC it submits to RFMS matches the EFC calculated by the CPS.

DOCUMENTING THE STUDENT'S ELIGIBILITY FOR PAYMENT

To pay a student a Pell Grant, the school must have appropriate documentation of the student's eligibility. In particular, the school must have a valid output document for the student. A valid output document is one where all the information used to calculate the EFC is complete and accurate. The school must have received a valid output document containing an eligible nine-month EFC while the student is still enrolled and eligible. Once the school has received a valid output document, assuming all other eligibility requirements are met, the school must pay the student.

Output Documents

There are two types of output documents, Institutional Student Information Records (ISIRs) and Student Aid Reports (SARs). An ISIR is a computer-generated electronic record sent to a school by the CPS. The SAR is a paper document sent to the student by the CPS. These output documents (ISIRs and SARs) contain the student's application information, the EFC, and the results of the database matches. (See *A Guide to 2000-2001 SARs and ISIRs* for more on ISIRs and SARs.)

Valid Output Document Definitions Cite
34 CFR 690.2

The school isn't required to provide students with a copy of the ISIR it received from the CPS, even if the school sent in the student's application through EDE. All students receive a SAR with their information from the CPS. Students who apply through the mail, *FAFSA on the Web*, or *FAFSA Express*, receive a two-part SAR. Students who apply through EDE receive a one-part SAR, called a SAR Information Acknowledgement. For purposes of documenting the student's eligibility for payment, the SAR Information Acknowledgements is the same as a two-part SAR: A school must pay an eligible student who submits either a valid two-part SAR or a valid SAR Information Acknowledgement.

Valid Output Document Requirement Cite
34 CFR 690.61(a)

Signature Requirements

The student isn't required to sign an output document. Note that the student is still required to sign the statement on the FAFSA certifying that the information provided is correct. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on general signature requirements.)

Signature for Corrections Cite
34 CFR 690.14(b),(c)

If a school is making a correction through EDE, it must have signed documentation for the correction from the student and parent. This signed documentation can be signatures on Part 2 of the SAR, a signed copy of the correction to be sent electronically by the school to the CPS, or signed verification documentation. The school must

Signature Requirements for Application and Verification Information

		Application (FAFSA, FOTW, EDE, FAFSA Express)	*IRS Forms* 1040 or other form submitted for verification	*Verification Worksheet*
General Req's	Student	Must sign statement that data is accurate (on application, echo document, signature page, or by use of PIN)	Tax return must be signed by student (or spouse) or by the tax preparer (or preparer's stamp)	Must sign worksheet
	Parent(s) (If student is dependent)	One parent must sign statement that data is accurate (on application, echo document, signature page, or by use of PIN)	Tax return must be signed by one parent or by the tax preparer (or preparer's stamp)	One parent must sign
	FAA	Must certify if dependency override is performed		
		SAR to be submitted for corrections	*EDE* corrections	*Professional Judgment* on SAR or through EDE
Additional Pell Req's	Student	Must sign corrections statement on Part 2 of SAR	School must have signed documentation	
	Parent(s) (If student is dependent)	One parent must sign the corrections statement on Part 2 of the SAR	School must have signed documentation	
	FAA			Must certify for adjustments or dependency override

collect this documentation before sending data to the CPS. If the student chooses to make a correction on a paper SAR, the student and one parent (for a dependent student) must sign Part 2 of the SAR.

An FAA making a professional judgment adjustment can submit the change without a signature from the parent or student.

Recordkeeping

Recordkeeping Format Cite
34 CFR 668.24(d)(3)

A school needs to keep the output document used to determine the student's eligibility (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for complete recordkeeping requirements). The school can store an ISIR in its electronic format, rather than printing and storing paper. Schools must be careful to store the electronic record exactly as received from the CPS.

If the student applies electronically through his or her school, the school must be sure that it keeps the signed FAFSA. In addition, the school must keep signed documentation of any corrections submitted electronically. The school can keep the student's SAR or the signed FAFSA and correction documentation for students applying electronically in either the original hard copy format or an imaged format from which it can produce an accurate, legible copy of the

original (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*).

Deadline

Every year, the Department publishes a list of deadlines for the award year in the *Federal Register*. The 2000-20001 deadline notice was published on July 10, 2000. It is also available on the Information for Financial Aid Professionals (IFAP) web site at <http://ifap.ed.gov>. For the 2000-20001 award year, the school must receive the student's valid ISIR or SAR no later than the student's last day of enrollment, or August 31, 2001, whichever comes first. As mentioned above, the student must still be enrolled and eligible for payment at the time the school receives the output document. If the student leaves school or completes the program and the school doesn't have a valid output document, the student isn't eligible for a Pell Grant. For the purpose of this deadline, the date the school received the ISIR is the processing date on the ISIR transaction.

Output Document Deadline Cite
34 CFR 690.61(b)

2000-2001 Deadline Notice
Federal Register July 10, 2000, 64 FR 42340

Verification extension

The deadline above is extended for students undergoing verification. The extension allows the student to submit a revised output document after the student's last day of enrollment. However, the school must have received some output document with an eligible EFC while the student was enrolled. For 2000-2001, a school can accept a student's revised output document up to **90 days after** the student's last day of enrollment, but the extension can't go beyond the August 31 deadline mentioned above. Note that if a student submits a revised output document after his or her last day of enrollment, that output document can't be used to increase the amount of the Pell Grant the student receives, only to decrease it (see Chapter 5 of this volume for more information).

Calculating the Federal Pell Grant

CHAPTER 2

In this chapter, we'll review the basic steps in calculating a Pell award. These steps, in effect, adjust the Pell award to take into account the student's cost of attendance (COA) for the academic year, the student's enrollment status, the ability to contribute to his or her education (EFC), the amount of coursework taken in the award year, and the length of the student's enrollment during the academic year.

CHOOSING A FORMULA

Choosing a Formula Cite
34 CFR 690.63(a)

The regulations specify five different formulas for calculating Pell Grants; the formula the school uses depends on the type of program. However, each formula has the same basic steps, which we'll discuss in this chapter. Once the school chooses a formula, the school must use that same formula for all students in the same program of study for the entire award year.

Credit-Hour Term-Based Programs

A school can use Formula 3 to calculate Pell Grants for any credit-hour, term-based program, except for correspondence programs (see "Correspondence Programs," in this chapter). However, if the program meets certain requirements, Formula 1 or 2 can be used instead. If the program meets the requirements for more than one formula, the school can choose which formula to use.

Criteria for Formula 1 or 2

To qualify for Formula 1 or 2, the program must:

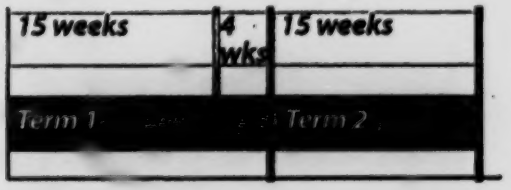
- measure progress in credit hours;
- be offered in semesters, trimesters, or quarters (standard terms);
- use an academic calendar that includes two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring);
- not have overlapping terms;
- define full-time enrollment for each term in the award year as at least 12 credit hours; and
- for Formula 1, provide at least 30 weeks of instructional time in the fall through spring terms. If it doesn't provide this minimum amount of instructional time, Formula 2 would apply.

Note that in both cases the school may decide to use Formula 3.

Combining Terms Example

In addition to programs using standard semesters, Hart University offers a separate degree program in education with a short 4-week term between two 15-week terms. The terms don't overlap.

Hart has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Hart could combine the short term with one of the standard terms and calculate Pells using Formula 1 (assuming that full-time enrollment is at least 12 semester hours per term):



Hart can also choose not to combine the terms. In this case, the program would have a nonstandard term (the 4-week term) and therefore wouldn't qualify for Formula 1. Hart would then be required to use Formula 3 to calculate Pells for students in this program.

Combining terms

A school can combine terms to allow a program to qualify for Formula 1 or 2. For example, a school with several summer terms for which full-time enrollment is less than 12 credit hours can combine these terms into a single term for which full-time enrollment is 12 credit hours so that Pell Grants for students in the program can be calculated under Formula 1. A school can also combine a short term with a semester in order to have two semesters as required for Formulas 1 and 2.

Calendar changes

Because the academic calendar for a program must fall within specific limits for the school to be able to use Formula 1 or 2, if the calendar for the program changes, the school needs to check again to see if it can still use Formula 1 or 2 for the program.

Clock-Hour or Nonterm Programs

All clock-hour programs and nonterm credit-hour programs use Formula 4, unless they're correspondence programs.

Correspondence Programs

Formula 5 is used for students enrolled only in correspondence courses (not including residential components of correspondence programs). There are two versions of Formula 5; version A (which is similar to Formula 4) is used for nonterm programs, and version B

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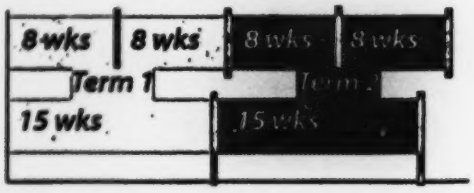
Calendar Change Example

Hart University decides to expand one of the programs it offers in standard semesters by also offering the coursework in four terms, each consisting of eight weeks of instructional time. Previously, Hart could calculate Pell Grants for students in the program using Formula 1. Suppose Hart combines two terms of eight weeks of instructional time with each semester, so the program still has two terms. The school now must use Formula 3, because the terms overlap:



The school must use Formula 3 even for students enrolled only in the semesters, because the program as a whole no longer qualifies for Formula 1. The school may instead consider the program offered in 8-week terms to be a separate program, in which case it can still calculate Pells for students enrolled in the semester program using Formula 1. Hart would then calculate Pells for students enrolled in the four-term program using Formula 3. However, if Hart allows a student to enroll in both types of terms, it must have some way of determining which program the student is actually enrolled in.

(which is similar to Formula 3) is used for term-based programs. For a residential component of a correspondence program, the school must use either Formula 3 or Formula 4. If the residential component is a term, the school uses Formula 3; otherwise, it uses Formula 4.

DETERMINING ENROLLMENT STATUS

The student's enrollment status is based on the number of credit or clock hours for which the student enrolls. It determines which cost components are used to calculate the student's Pell COA and, for some programs, establishes which Payment or Disbursement Schedule is used to determine the student's annual award.

For credit-hour programs with terms, the school must determine whether the student is enrolled full time, three-quarter time, half time, or less than half time. This allows the school to determine which Payment or Disbursement Schedule it needs to use, and to calculate the correct COA. For clock-hour programs and for credit-hour programs without terms, the school only needs to determine if the student is enrolled at least half time or less than half time, so that it can calculate the COA correctly.

Enrollment Status Standards

A school defines full-time enrollment, but the school's definition must meet the minimum regulatory requirements (see the *SFA Handbook: Student Eligibility [Volume 1]* for a general discussion of enrollment status). Note that the school's academic standard may differ from the enrollment standard used by the financial aid office for SFA purposes. For example, the school may define full time as six

Definition of Full-Time Enrollment Cite

34 CFR 668.2

Enrollment Status Minimum Requirements

Standard Term, Credit-Hour Programs[1]

Full time	12 credit hours per term[2]
Three-quarter time	9 credit hours per term[2]
Half time	6 credit hours per term[2]
Less than half time	Less than half the workload of the minimum full-time requirement

Clock-Hour Programs or Nonstandard-Term or Nonterm Credit-Hour Programs

Full time	24 semester hours, 24 trimester hours, or 36 quarter hours per academic year, or prorated equivalent for program of less than an academic year or 24 clock hours per week
Less than half time	Less than half the workload of the minimum full-time requirement

1 For standard term-based programs, if a school's financial aid office establishes full-time status as greater than 12 credit hours, the financial aid office may still define a three-quarter-time enrollment status as 9 credit hours and a half-time enrollment status as 6 credit hours.
2 The school must use appropriate credit hours for the term, for example, semester hours for semesters, quarter hours for quarters.

hours during the summer; however, the financial aid office uses 12 hours as full time for all terms including the summer term. The school must apply its standards consistently to all students enrolled in the same program of study, for all SFA purposes.

Enrollment status for nonstandard terms

If a school's academic calendar contains nonstandard terms, the school must determine the student's enrollment status for each nonstandard term according to the formula in the regulations. To determine enrollment status for a nonstandard term, the school must first determine the number of credit hours required for full-time enrollment status using the following formula:

$$\text{Credit hours in academic year} \times \frac{\text{weeks of instructional time in nonstandard term}}{\text{weeks of instructional time in program's definition of academic year}}$$

If the resulting number isn't a whole number, it's rounded up to the next whole number. After the school has determined the number of credit hours required for full-time enrollment, the school can then determine the less-than-full-time status for the nonstandard term using the following formula:

$$\frac{\text{Credit hours student takes in the nonstandard term}}{\text{Credit hours required for full-time enrollment in the nonstandard term}}$$

The resulting fraction is then matched with the appropriate less-than-full-time status classification. The fraction must equal or exceed the enrollment status classification. For example, two-thirds would correspond to a half-time enrollment status.

Enrollment Status for Nonstandard Terms Cite
34 CFR 690.63(d)(1)(ii)

Fractions
When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, to calculate the following:

$$2{,}130 \times \frac{300}{900}$$

you should use this method:

Step 1: 2,130 X 300 = 639,000
Step 2: 639,000 ÷ 900 = 710

In this case, if you divide the fraction to get a decimal (300/900 =.333333...) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (703) or too high (724).

Nonstandard Term Examples

Anner enrolls in a two year program at Bylsma Conservatory. Bylsma Conservatory's academic calendar consists of four terms, each of which provides 8 weeks of instructional time. The school has defined the academic year for Anner's program as 40 quarter hours and 32 weeks of instructional time. Anner enrolls for 6 quarter hours in the first term and 10 quarter hours in the remaining three terms.

Bylsma determines the number of credit hours required for full-time enrollment in the term as follows:

$$40 \text{ quarter hours} \times \frac{8 \text{ weeks instructional time in term}}{32 \text{ weeks instructional time in academic year}} = 10 \text{ quarter hours}$$

Therefore, a student must complete 10 quarter hours each term to be a full-time student. For the first term, Bylsma must determine Anner's enrollment status as follows:

6 quarter hours ÷ 10 quarter hours = .6

Because .6 is less than three-quarters (.75) but more than one-half (.5), Anner's enrollment status in the first term is half time. Anner is enrolled full time (10 hours) in the remaining terms.

Owen enrolls in the education program at Hart University that has a short 4-week term between two 15-week terms. Hart doesn't combine the 4-week term with one of the longer terms for purposes of the Pell calculation. The academic year for the program is 34 weeks of instructional time and 24 semester hours. Owen enrolls for 6 hours in the first and third terms and 3 hours in the second term.

Hart must determine the number of credit hours required for full-time enrollment in the first and third term as follows:

$$24 \text{ semester hours} \times \frac{15 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 10.58$$

A student must enroll in 11 semester hours (rounded up from 10.58) in the first and third terms to be full-time. The requirement for full-time enrollment for the second term is determined as follows:

$$24 \text{ semester hours} \times \frac{4 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 2.82$$

A student must enroll in 3 semester hours (rounded up from 2.82) in the second term to be full-time.

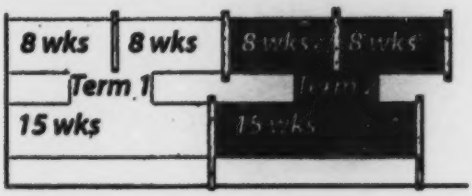
Note that Owen is enrolled full-time in the second term. To determine Owen's enrollment status for the other two terms, the school must compare the number of hours he's enrolled with the number required for full-time enrollment:

6 semester hours ÷ 11 semester hours = .54

Because .54 is less than three-quarters (.75) and greater than one-half (.5), Owen is enrolled half time in the first and third terms.

Combined Term Example

Eddy enrolls in a program that Hart University offers in both 15-week semesters and 8-week terms. Hart combined two 8-week terms to make each semester; each of the combined terms provides 16 weeks of instructional time:



Hart continues to define the academic year for Eddy's program as 24 semester hours and 30 weeks of instructional time, as it did before adding the 8-week terms. In addition, because the combined terms can still be considered semesters, the requirement for full-time enrollment in each term is 12 semester hours.

In the first term, Eddy enrolls for 4 semester hours in the 15-week component of the term and 3 semester hours in each of the 8-week components. Therefore, he's enrolled for a total of 10 semester hours in the first term, and his enrollment status is three-quarter time. In the second term, he enrolls for 12 semester hours in the 15-week component, and no hours in either of the 8-week components. Because he's enrolled for 12 semester hours total in this second term, his enrollment status for the second term is full time.

Combined Terms

If the school combines two or more terms into a single term for purposes of the Pell calculation, the student's enrollment status is based on the combined number of hours the student is enrolled in for all the component terms of the combined term. Note that if the student later doesn't begin attendance in one of the parts of the combined term, the school must recalculate the student's award (see Chapter 5 for more on recalculations).

Special Programs

There are additional considerations in determining enrollment status for some special programs, such as correspondence programs.

Correspondence study

Half-time Enrollment Limit Cite
34 CFR 690.2

Students enrolled in programs of correspondence study are considered to be no more than half-time students, even if they're enrolled in enough coursework to be full time. However, if the correspondence study is combined with regular coursework, the student's enrollment status might be more than half time.

Enrollment Status for Term Correspondence Cite
34 CFR 690.66(c)(2)

A student enrolled only in a nonterm correspondence program is always enrolled half time. For a student enrolled in a term correspondence program, the school must determine whether the student is enrolled half time (6 or more credit hours in a term) or less than half time (less than 6 credit hours in a term). Special rules are used to determine the student's enrollment status when the student is enrolled in a combination of regular and correspondence coursework.

Enrollment Status for Enrollment in Correspondence and Regular Coursework

Regular Work	Correspondence Work	Adjusted Total Course Load	Enrollment Status
3	3	6	Half time
3	6	6	Half time
3	9	6	Half time
6	3	9	Three-quarter time
6	6	12	Full time
2	6	6	Half time

This chart assumes that the school defines full-time enrollment as 12 credits per term, making half-time enrollment 6 credits per term. As you can see in the second and third examples, the number of correspondence hours counted in the total course load were adjusted so that the correspondence hours never exceed the regular hours taken. Note that in the last example, the student is eligible for payment based on half-time enrollment in correspondence courses, despite the fact that the student only took 2 hours of regular coursework.

Correspondence study combined with regular study

If correspondence coursework is combined with regular coursework, the correspondence courses must meet the following criteria to be included in the student's enrollment status:

- The courses must apply toward the student's degree or certificate or must be remedial work to help the student in his or her course of study.
- The courses must be completed during the period required for the student's regular coursework.

When combining the number of credit hours of correspondence work with the number of credit hours of regular coursework to determine the student's enrollment status for a Pell Grant, the amount of correspondence work counted can't be more than the number of credit hours of regular coursework the student is enrolled in. However, if the student is taking at least a half-time load of correspondence courses, the student would be paid as at least a half-time student, regardless of the credit hours of regular coursework.

A student will be paid as a less-than-half-time student for any combination of regular and correspondence work that's less than 6 credit hours.

Correspondence Study Combined With Regular Study Cite
34 CFR 690.8(b)

Enrollment status under consortium agreement

The enrollment status of a student attending more than one school under a consortium agreement is based on all the courses taken that apply to the degree or certificate at the home institution. The disbursing school may have to make some adjustments if the coursework at the different schools is measured in different units. (See sidebar example.)

Consortium Different Units Example

Chris is taking 6 semester hours at Hart University, the home institution, and 9 quarter hours at Sarven Technical Institute. To determine his enrollment status, Hart needs to convert the hours at Sarven into semester hours. Because a quarter hour is about two-thirds of a semester hour, Hart multiplies the number of quarter hours by two-thirds:

9 quarter hours X 2/3 = 6 semester hours

Then, the hours taken at both schools can be added together:

6 semester hrs. at Hart
+ 6 semester hrs. at Sarven
12 semester hours

Linda is also taking 6 semester hours at Hart University and 9 quarter hours at Sarven Technical Institute, but her home institution is Sarven Technical Institute. Because Sarven is paying her, it needs to convert the semester hours taken at Hart into quarter hours:

6 semester hours X 3/2 = 9 quarter hours

Then, the hours taken at both schools can be added together:

9 quarter hrs. at Sarven
+9 quarter hrs. at Hart
18 quarter hours

Enrollment status for cooperative education

In a cooperative education program, the school assesses the work to be performed by the student and determines the equivalent academic course load. The student's enrollment status is based on the equivalent academic course load.

Step 1: Determine Enrollment Status

Formula 1, 2, and 3
Full time, three-quarter time, half time, less than half time
Formula 4
At least half time or less than half time
Formula 5A
Enrollment status is never more than half time
Formula 5B
Enrollment status can only be half time or less than half time

Remedial coursework

A noncredit remedial course is one for which the school allows no credit toward a degree or certificate. A reduced-credit course is one for which the school gives some credit toward the degree or certificate, but not as much as would normally be given based on the workload required by the course. When figuring enrollment status, the school must include any reduced-credit or noncredit remedial coursework designed to increase the student's ability to pursue his or her program of study. The *SFA Handbook: Student Eligibility (Volume 1)* explains how to include these courses in enrollment status, as well as the limits on the amount of remedial coursework that can be included.

Enrollment Status Change During Year

If a student's enrollment status changes during the year, the school may have to recalculate the student's Pell payment based on the new enrollment status. Chapter 5 of this publication explains when a school is required to recalculate due to a change in enrollment status.

COA Proration Required Examples

Woodhouse College provides 28 weeks of instruction in its two semesters. The COA it uses for most SFA programs is based on the costs for those 28 weeks. However, the academic year has 30 weeks of instruction. Because the costs are for less than an academic year, Woodhouse needs to prorate the amount up to get the Pell COA.

Sarven Technical Institute has a 1000 clock hour program, but the academic year for the program only has 900 clock hours. The COA it uses for most SFA programs is based on the costs for the entire 1000 clock hours. Because the costs are for more than an academic year, Sarven needs to prorate the amount down to get the Pell COA.

Less than Half Time COA Components

For students who are less than half time, COA can include only:

- *tuition and fees;*
- *an allowance for books and supplies;*
- *transportation (but not miscellaneous expenses); and*
- *an allowance for dependent care expenses.*

CALCULATING THE COST OF ATTENDANCE

The components used to calculate a student's Pell COA are the same as those used to calculate the COA for the other SFA Programs. (See the *SFA Handbook: Student Eligibility [Volume 1]* for a list of these components.) However, unlike the other programs, the Pell COA is always based on costs for a **full-time student for a full academic year**. For Pell, costs for programs or enrollment periods longer or shorter than an academic year must be prorated so that they are for one full academic year.[5] This is true for both parts of the academic year definition, the number of weeks and the number of clock/credit hours: If the program or period of enrollment differs from the defined academic year in either part, the costs must be prorated to determine the Pell COA.

Less than Half Time

If the student is enrolled less-than-half time, the school can include in the Pell COA only those cost components allowable for less-than-half-time enrollment. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more information, and for other restrictions on COA components.) However, the amount included in each of the allowable

5. Note that in many cases prorating the COA won't affect the amount of Pell the student receives. However, the school must enter accurate amounts when reporting disbursements (see Chapter 3 of this publication).

cost components is based on the amount for a full-time student for a full year.

Actual or Average Costs

While schools can choose to determine actual costs for individual students, most schools prefer to determine the COA by using an average cost for a group of similar students. (For example, a school may have different charges for different academic programs or different charges for in-state vs. out-of-state students.) Chapter 10 of the *SFA Handbook: Student Eligibility (Volume 1)* has a brief discussion about using average costs.

A school using actual charges has to be careful that the COA is still for a **full-time** student. If costs for a part-time student are different from those for a full-time student, the school can prorate the part-time student's actual costs to determine the full-time, full-year COA.

Consortium COA

A student receiving a Pell for attendance at two schools through a consortium agreement may have costs from both schools at the same time. The student's COA is calculated in the same way as for a student taking classes at only one school. The student's tuition and fees and books and supplies charges at the consortium schools have to be combined into a single charge for a full academic year for purposes of the Pell calculation. The school paying the student can choose to use actual charges for the student, which would simply be the sum of the actual charges at both schools. Of course, if the student isn't attending full time, the school will have to adjust these actual tuition and fees and books and supplies charges so that they're amounts for a full-time student.

Prorating average charges at each school

If the disbursing school is using average charges, then the average full-time charges at each of the schools must be prorated and combined. If the student is taking an equal course load at each school, the full-time tuition and fees charges for an academic year at each school can be averaged to determine the tuition and fee cost. However, if the student is taking an unequal course load, the disbursing school must prorate the charges based on the number of hours the student is taking at each school.

Costs for a Cooperative Education Program

If a student has a co-op job for the first term, the tuition and fees for that period can be projected over a full academic year (of at least 30 weeks). This projected amount is then added to the other COA components to arrive at the total cost for a full-time student for a full year.

For the rest of the year, the school can either use the COA with the projected amount or can recalculate the student's tuition and fees at the end of the first term to determine a new COA for the remaining payment periods. This decision must be consistent with the school's overall policy on recalculating for changes in a student's costs. (See

Proration of Average Tuition and Fees Example

Isabella is enrolled for 3 semester hours at Hart University and for 9 semester hours at Woodhouse College. The full-time tuition and fee charge for an academic year at Hart is $4,000, while the full-time charge at Woodhouse is $6,600. To figure Isabella's tuition and fees charge, Woodhouse multiplies each of these average charges by the number of credits she's taking at each school, divided by the total number of credits she's taking:

$4,000 X $\frac{3}{12}$ = $1,000 *Prorated charge at Hart*

$6,600 X $\frac{9}{12}$ = $4,950 *Prorated charge at Woodhouse*

Woodhouse then adds the two prorated charges to determine the tuition and fees charge to include in Isabella's COA:

$1,000 + $4,950 = $5,950

Co-op COA Example

Kerr has a co-op job for the first quarter of the academic year and pays a $50 fee and no tuition. The $50 fee can be projected for each of the three quarters in the academic year for a total tuition and fees amount of $150.

Chapter 5 of this volume for more information.) Note that the COA can also include employment-related expenses (see the *SFA Handbook: Student Eligibility [Volume 1]*).

Tuition and Fees Charges for WIA Programs

Students in some WIA programs (formerly JTPA programs) aren't charged for tuition and fees. A school can include a tuition and fees charge in the COA for a Pell recipient only if that charge is actually made to the student and is paid either by the student or by some type of student financial assistance (such as WIA). The existence of such a tuition and fees charge must be documented in the same way as for any non-WIA student—for instance, in the school's contract with the student or in the agreement with the WIA agency. (If the school charges the student for tuition and fees, the school would have to expect the student to pay the charge if the WIA agency or other source of assistance doesn't pay on the student's behalf.)

If the school doesn't actually charge the student for tuition and fees (either because it's prohibited from doing so under the WIA contract, or for other reasons), then no tuition and fees component would exist for the Pell COA. Even if there's no tuition and fees component, the student's COA still includes the other components described in the *SFA Handbook: Student Eligibility (Volume 1)*. Note that a school that doesn't include tuition and fees in the COA may need to use the Alternate Schedule in determining the student's annual award (see "Tuition Sensitivity and the Alternate Schedule," in this chapter).

WIA reimbursement contracts

Some WIA contracts operate on a reimbursement basis; that is, the student must fulfill the terms of the contract before WIA will reimburse the school for tuition and fee costs. If the student doesn't fulfill the terms of the contract, the school is left with an unpaid tuition and fees charge. The school isn't permitted to hold the student liable for the unpaid tuition and fees. Contracts are established this way to offer schools an incentive to properly train and place students enrolled in the training programs. However, as noted above, if a tuition and fees charge is included in a Pell recipient's COA, the student would be liable for any outstanding charges that are not reimbursed by WIA. Therefore, schools that enter into reimbursement contracts **must remove the tuition and fees component** from the Pell COA because, under these contracts, schools are prohibited from holding the student liable for outstanding charges.

Prorating the COA

Schools can choose between two proration methods. A school can either prorate the entire cost using one fraction, or split the COA into credit/clock hour costs and week costs, and prorate the two types of costs separately. A school can use whichever method it prefers.

Single fraction method

To prorate the COA by one fraction, the school must compare two fractions and multiply the COA by the lesser of the two. There's one fraction for each component of the academic year definition. One

COA Proration Examples

Woodhouse College has fall and spring semesters, each of which provides 14 weeks of instructional time. Thus, the two semesters provide 28 weeks of instructional time. Woodhouse has defined the academic year as 24 semester hours and 30 weeks of instructional time. The average cost for a full-time student attending both semesters is $13,210.

Because the two semesters don't provide a full 30 weeks of instructional time, the cost for a full-time student to attend both semesters must be prorated to determine a full academic year COA.

Woodhouse compares the two fractions:

$$\frac{\text{24 semester hours in academic year definition}}{\text{24 semester hours in fall through spring terms}}$$

$$\frac{\text{30 weeks instructional time in academic year definition}}{\text{28 weeks instructional time in fall through spring terms}}$$

Because the credit hour fraction (24/24) is the lesser of the two, it would be used to prorate the cost; since it's equal to 1 the Pell COA for the program is the same as the non-prorated COA: $13,210.

Sarven Technical Institute has a program that provides 40 weeks of instruction, during which the student completes 1000 clock hours. Sarven has defined the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average cost for the entire program is $5,900.

Because this cost is for more than an academic year, Sarven must determine the cost for an academic year by prorating the full cost. The school compares the two fractions:

$$\frac{\text{900 clock hours in academic year}}{\text{1000 clock hours in program}}$$

$$\frac{\text{30 weeks instructional time in academic year}}{\text{40 weeks instructional time in program}}$$

Of the two fractions, the smaller is the weeks fraction (30/40). Sarven multiplies the full cost by this fraction:

$$\$5{,}900 \times \frac{\text{30 weeks instructional time in academic year}}{\text{40 weeks instructional time in program}} = \$4{,}425.$$

Therefore, the Pell COA for this program is $4,425.

fraction is calculated by dividing the number of credit or clock hours in the program's academic year by the hours for which the costs apply; the other by dividing the number of weeks in the program's academic year by the weeks for which the costs apply:

$$\frac{\text{Credit/clock hours in program's definition of academic year}}{\text{Credit/clock hours to which costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time to which costs apply}}$$

The COA is multiplied by the lesser of these two fractions to determine the student's Pell COA. This Pell COA must be used when

Fractions

Remember when using fractions, multiply first, and then divide. Dividing the fraction first to produce a decimal can cause an error if you need to round the decimal up or down.

Less-Than-Half-Time Student COA Proration Example

Martha is enrolled as a less-than-half-time student in a 650 clock hour, 28 week program at Sarven Technical Institute. Sarven defines the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average costs for the entire program are as follows:

Tuition and Fees	*$1,800*
Room and Board	*2,500*
Books and Supplies	*100*
Transportation	*100*
Miscellaneous Expenses	*200*
TOTAL	*$4,700*

Because the program is shorter than an academic year in length, the costs for the program must be prorated to determine the costs for an academic year. Also, because Martha is attending less than half time, the COA can't include all components. The cost using only the components allowed for a less-than-half-time student (tuition and fees, books and supplies, and transportation) is $2,000. Sarven compares the two fractions:

$$\frac{\text{900 clock hours in academic year}}{\text{650 clock hours in program}}$$

$$\frac{\text{30 weeks instructional time in academic year}}{\text{28 weeks instructional time in program}}$$

Of the two fractions, the smaller is 30/28.

Sarven multiplies the full cost (using only the components allowed for a less-than-half-time student) by this fraction:

$$\$2{,}000 \times \frac{\text{30 weeks instructional time in academic year}}{\text{28 weeks instructional time in program}} = \$2{,}143$$

Therefore, Martha's Pell COA is $2,143.

determining the amount of the student's annual award. In some cases the prorated COA calculated by this method will be the same as the original, nonprorated COA: If for one of the components of the academic year the program or period of enrollment for which costs apply is the same as the academic year, one of the fractions will be equal to one.

Split proration method

As mentioned earlier, the school can split the COA into two parts and prorate the two parts separately, if it chooses. The school multiplies costs associated with credit or clock hours (tuition and fees, books and supplies, loan fees) by the credit or clock hour fraction (hours in the academic year divided by hours for which costs apply), and multiplies costs associated with weeks of instructional time (room and board, miscellaneous expenses, disability expenses, transportation, dependent care, study abroad, reasonable costs associated with employment as part of a cooperative education program) by the week fraction (weeks in the academic year divided by weeks for which costs apply). The student's Pell COA is the sum of the two types of prorated costs.

Step 2: Calculate Pell COA

Formula 1
Full time, full academic year costs

Formula 2
Full time, full academic year costs

Cost for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as nonprorated COA.

Formulas 3 and 4
Full time, full academic year costs

Cost for program or enrollment period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Formulas 5A and 5B
Full time, full academic year costs (for applicable components)

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which the costs apply}}$$

Correspondence Programs

The COA for correspondence study, when the student is not taking any residential component for a payment period, includes only tuition and fees. As always, the COA must be based on the costs for a full-time student for a full academic year. If the student's program or period of enrollment, as measured in credit hours, is longer or shorter than an academic year as measured in credit hours, the tuition and fees for the program or enrollment period must be prorated. Because the correspondence study COA for the non-residential component only includes costs associated with credit hours, the school always uses the credit hour-related fraction to prorate the COA as follows (because there are no costs associated with weeks of instructional time in the correspondence COA, the school has to prorate the cost only if the number of hours in the program is shorter or longer than in an academic year):

$$\frac{\text{Credit hours in program's definition of an academic year}}{\text{Credit hours to which the costs apply}}$$

The resulting amount is the full-time, full-academic-year cost used for calculating Pell Grant eligibility.

When there is a residential portion in a correspondence student's program, Formula 3 or 4 (whichever applies) is used to calculate the student's payment for a payment period for a residential portion.

Step 3: Determine Annual Award

Formula 1, 2, and 3
If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.
Formula 4
Always taken from full-time Payment Schedule (equal to Scheduled Award)
Formula 5A
Always taken from half-time Disbursement Schedule
Formula 5B
The annual award is taken from the appropriate part-time Disbursement Schedule (half time or less than half time)

Refer to Formula 3 or 4 guidelines, including COA determinations, for this circumstance. If a correspondence student has one or more payment periods in an award year that contain only correspondence study and one or more payment periods in the same award year that contain a residential portion, the school would use two different formulas for determining a student's payment for each payment period. This instance is the only one in which a school would use two different Pell formulas within the same award year for students in the same program.

DETERMINING THE ANNUAL AWARD

Once the school has figured the student's COA, it can use the Payment Schedule or appropriate part-time Disbursement Schedule to look up the student's annual award. The annual award is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. For students in credit-hour, term-based programs, the school looks up the annual award on the full-time Payment Schedule, or the three-quarter-time, half-time, or less-than-half-time Disbursement Schedule, depending on the student's enrollment status. For students enrolled in clock-hour or nonterm credit-hour programs, the annual award is always determined from the full-time Payment Schedule, even if the student is attending less than half time.

Schools don't have the discretion to refuse to pay an eligible part-time student.

Tuition Sensitivity Cite
Sec. 401(b)(3), "Dear Colleague" Letter P-99-9

Students who Require Alternate Schedule
- *EFC is 300 or less*
- *COA is $3,000 or higher*
- *tuition plus dependent care or disability expenses is less than $300*

Alternate Schedule Example
Kerr's tuition charge for the year is $150, and he has no dependent care or disability expenses. His EFC is 0, and his COA is $4,000. Therefore, Sarven Technical Institute needs to use the Alternate Schedule to determine Kerr's annual award. He's enrolled full time; the Alternate Schedule for full-time students shows that his annual award is $3,225.

Tuition Sensitivity and the Alternate Schedule

The law provides for a part of the student's Pell award to be tuition sensitive. The Higher Education Amendment of 1998 modified this provision as of the 1999-2000 award year, to only apply to the amount of the award above $2,700 (an increase from $2,400). Reauthorization also added dependent care or disability-related expenses to tuition to be used in determining the tuition sensitive portion of the award. In addition, the law now specifically provides that schools that charged only fees in lieu of tuition as of October 1, 1998, can count those fees as tuition for this calculation.

Federal Pell Grant Program

Full Time

Full-Time Scheduled Awards in the 2000-2001 Award Period
December 1999

Cost of Attendance	Expected Family Contribution																																
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 3000	3001 To 3100	3101 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	500	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	600	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	700	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	800	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	900	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	1000	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	1100	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	1200	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	1300	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	1400	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	1500	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	1600	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	1700	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	1800	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	1900	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	2000	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	2100	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	2200	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	2300	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0	0
2400 - 2499	2400	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0	0
2500 - 2599	2500	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0	0
2600 - 2699	2600	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0	0
2700 - 2799	2700	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0	0
2800 - 2899	2800	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0	0
2900 - 2999	2900	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0	0
3000 - 3099	3000	3000	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0	0
3100 - 3199	3100	3100	3000	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0	0
3200 - 3299	3200	3200	3100	3000	2900	2800	2700	2600	2500	2400	2300	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	700	600	500	400	400	400	0
3300 - 99999	3300	3200	3150	3050	2950	2850	2750	2650	2550	2450	2350	2250	2150	2050	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	400	400	0

Important: schools with tuitions and fees lower than $300 must use the alternate schedule for students in the cells outlined above.

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Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Three-Quarter-Time Annual Awards in the 2000-2001 Award Period
December 1999

3/4 Time

Cost of Attendance	Expected Family Contribution																															
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 3000	3001 To 3100	3101 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	413	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	488	450	450	450	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	563	525	450	450	450	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	638	600	525	450	450	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	713	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	788	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	863	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	938	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	1013	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	1088	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	1163	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	1238	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	1313	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	1388	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	1463	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	1538	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	1613	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	1688	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	1763	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0	0
2400 - 2499	1838	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0	0
2500 - 2599	1913	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0	0
2600 - 2699	1988	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0	0
2700 - 2799	2063	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0	0
2800 - 2899	2138	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0	0
2900 - 2999	2213	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0	0
3000 - 3099	2288	2250	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0	0
3100 - 3199	2363	2325	2250	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0
3200 - 3299	2438	2400	2325	2250	2175	2100	2025	1950	1875	1800	1725	1650	1575	1500	1425	1350	1275	1200	1125	1050	975	900	825	750	675	600	525	450	400	400	400	0	0
3300 - 99999	2475	2438	2363	2288	2213	2138	2063	1988	1913	1838	1763	1688	1613	1538	1463	1388	1313	1238	1163	1088	1013	938	863	788	713	638	563	488	413	400	400	0	0

Important: schools with tuitions and fees lower than $300 must use the alternate schedule for students in the cells outlined above.

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Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Half-Time Annual Awards in the 2000-2001 Award Period
December 1999

1/2 Time

Cost of Attendance	Expected Family Contribution																																
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 3000	3001 To 3100	3101 To 9999
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	425	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	475	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	525	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	575	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	625	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	675	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	725	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	775	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	825	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	875	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	925	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	975	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	1025	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	1075	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	1125	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	1175	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2400 - 2499	1225	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0
2500 - 2599	1275	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0
2600 - 2699	1325	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0	0
2700 - 2799	1375	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0	0
2800 - 2899	1425	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0	0
2900 - 2999	1475	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0	0
3000 - 3099	1525	1500	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0	0
3100 - 3199	1575	1550	1500	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0	0
3200 - 3299	1625	1600	1550	1500	1450	1400	1350	1300	1250	1200	1150	1100	1050	1000	950	900	850	800	750	700	650	600	550	500	450	400	400	400	400	400	0	0	0
3300 - 99999	1675	1625	1575	1525	1475	1425	1375	1325	1275	1225	1175	1125	1075	1025	975	925	875	825	775	725	675	625	575	525	475	425	400	400	400	400	0	0	0

Important: schools with tuitions and fees lower than $300 must use the alternate schedule for students in the cells outlined above.

Federal Pell Grant Program

Regular Disbursement Schedule for Determining Less-Than-Half-Time Annual Awards in the 2000-2001 Award Period

December 1999

< 1/2 Time

Cost of Attendance	Expected Family Contribution																																		
	0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600	601 To 700	701 To 800	801 To 900	901 To 1000	1001 To 1100	1101 To 1200	1201 To 1300	1301 To 1400	1401 To 1500	1501 To 1600	1601 To 1700	1701 To 1800	1801 To 1900	1901 To 2000	2001 To 2100	2101 To 2200	2201 To 2300	2301 To 2400	2401 To 2500	2501 To 2600	2601 To 2700	2701 To 2800	2801 To 2900	2901 To 3000	3001 To 3100	3101 To 3200
0 - 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 - 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 - 399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 - 499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 - 599	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 - 699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 - 799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 - 899	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 - 999	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 - 1099	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 - 1199	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 - 1299	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 - 1399	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400 - 1499	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500 - 1599	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 - 1699	413	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700 - 1799	438	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 - 1899	463	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 - 1999	488	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000 - 2099	513	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 - 2199	538	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2200 - 2299	563	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2300 - 2399	588	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2400 - 2499	613	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2500 - 2599	638	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2600 - 2699	663	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2700 - 2799	688	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2800 - 2899	713	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0	0
2900 - 2999	738	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0	0
3000 - 3099	763	750	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0	0
3100 - 3199	788	775	750	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0
3200 - 3299	813	800	775	750	725	700	675	650	625	600	575	550	525	500	475	450	425	400	400	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0
3300 - 99999	825	813	788	763	738	713	688	663	638	613	588	563	538	513	488	463	438	413	400	400	400	400	400	400	400	400	0	0	0	0	0	0	0	0	0

Important: schools with tuitions and fees lower than $300 must use the alternate schedule for students in the cells outlined above.

Alternate Federal Pell Grant Schedules for Students with Low Assessed Tuition 2000-2001 Award Year

The following alternate schedules must be used to calculate Federal Pell Grant amounts in very specific situations involving students with low tuition charges. Use the appropriate schedule below, based on the student's enrollment status, only if ALL the following are true; otherwise use the regular payment and disbursement schedules:

- The student's tuition plus any dependent child care or disability related expenses is less than $300; AND
- The student's Expected Family Contribution (EFC) is 300 or less; AND
- The student's total cost of attendance is $3,000 or higher.

Important: When calculating the amount of tuition, schools that only charged fees in lieu of tuition as of October 1, 1998 may consider such fees as tuition for purposes of these tables.

Cost of Attendance	Tuition plus Dependent Child Care and/or Disability Expenses, if any	EFC 0	EFC 1 To 100	EFC 101 To 200	EFC 201 To 300
3000 - 3099	0	3000	3000	3000	2900
	1 - 149	3075	3075	3000	2900
	150 - 299	3150	3075	3000	2900
	300 or more	3450	3075	3000	2900
3100 - 3199	0	3000	3000	3000	2900
	1 - 149	3075	3075	3000	2900
	150 - 299	3150	3100	3000	2900
	300 or more	3150	3100	3000	2900
3200 - 3299	0	3000	3000	3000	3000
	1 - 149	3075	3075	3075	3000
	150 - 299	3225	3200	3100	3000
	300 or more	3250	3200	3100	3000
3300 or more	0	3000	3000	3000	3000
	1 - 149	3075	3075	3075	3000
	150 - 299	3225	3225	3150	3050
	300 or more	3300	3250	3150	3050

Cost of Attendance	Tuition plus Dependent Child Care and/or Disability Expenses, if any	EFC 0	EFC 1 To 100	EFC 101 To 200	EFC 201 To 300
3000 - 3099	0	1600	1500	1400	1400
	1 - 149	1625	1500	1400	1400
	150 - 299	1625	1500	1400	1400
	300 or more	1625	1500	1400	1400
3100 - 3199	0	1600	1500	1500	1450
	1 - 149	1638	1538	1500	1450
	150 - 299	1675	1550	1500	1450
	300 or more	1675	1550	1500	1450
3200 - 3299	0	1600	1600	1600	1600
	1 - 149	1638	1638	1638	1600
	150 - 299	1813	1650	1650	1600
	300 or more	1825	1650	1650	1600
3300 or more	0	1600	1600	1600	1600
	1 - 149	1638	1638	1638	1638
	150 - 299	1813	1813	1813	1825
	300 or more	1850	1825	1825	1825

Cost of Attendance	Tuition plus Dependent Child Care and/or Disability Expenses, if any	EFC 0	EFC 1 To 100	EFC 101 To 200	EFC 201 To 300
3000 - 3099	0	2250	2250	2175	2100
	1 - 149	2288	2250	2175	2100
	150 - 299	2288	2250	2175	2100
	300 or more	2288	2250	2175	2100
3100 - 3199	0	2250	2250	2250	2175
	1 - 149	2306	2306	2250	2175
	150 - 299	2363	2325	2250	2175
	300 or more	2363	2325	2250	2175
3200 - 3299	0	2250	2250	2250	2250
	1 - 149	2306	2306	2306	2250
	150 - 299	2419	2400	2325	2250
	300 or more	2438	2400	2325	2250
3300 or more	0	2250	2250	2250	2250
	1 - 149	2306	2306	2306	2288
	150 - 299	2419	2419	2363	2288
	300 or more	2475	2438	2363	2288

Cost of Attendance	Tuition plus Dependent Child Care and/or Disability Expenses, if any	EFC 0	EFC 1 To 100	EFC 101 To 200	EFC 201 To 300
3000 - 3099	0	750	750	725	700
	1 - 149	763	750	725	700
	150 - 299	763	750	725	700
	300 or more	763	750	725	700
3100 - 3199	0	750	750	750	725
	1 - 149	769	769	750	725
	150 - 299	788	775	750	725
	300 or more	788	775	750	725
3200 - 3299	0	750	750	750	750
	1 - 149	769	769	769	750
	150 - 299	806	800	775	750
	300 or more	813	800	775	750
3300 or more	0	750	750	750	750
	1 - 149	769	769	769	763
	150 - 299	806	806	788	763
	300 or more	825	813	788	763

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For the 2000-2001 award year, the tuition sensitivity rule affects a small number of students. The Payment and Disbursement Schedules show which groups of students are affected, and include an Alternate Schedule for schools to use for these students.

Correspondence Programs

Correspondence Annual Award Cite
34 CFR 690.66(a)(1), (c)(2)

The annual award for a student in a nonterm correspondence program is always taken from the half-time Disbursement Schedule because a correspondence student can't receive more than half a Scheduled Award. For a student in a term correspondence program, the annual award is determined from the half-time Disbursement Schedule or the less-than-half-time Disbursement Schedule, as appropriate.

DETERMINING THE PAYMENT PERIODS

Nonterm or Clock-Hour Payment Period Cite
34 CFR 668.4(b)

The program's academic year must be divided into payment periods. Pell Grants must be paid in installments over the academic year to help meet the student's cost in each payment period. The payment period determines when Pell funds are disbursed and the exact amount to be disbursed.

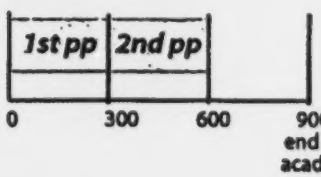
Credit-Hour Term Programs

For credit-hour term programs, the payment period is the term. The payment period for a clock-hour term program isn't a term. Instead, clock-hour term programs are treated exactly like nonterm programs.

Nonterm or Clock-Hour Programs

For credit-hour nonterm programs and all clock-hour programs, the school must define, in writing, the payment periods as measured in clock or credit hours for each program. The regulations require at least two equal payment periods for programs that are shorter than or equal to an academic year or at least two equal payment periods in each full academic year for programs longer than an academic year.

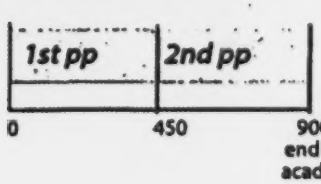
Program Less Than AY Example
Laurel is enrolled in a 600-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Laurel's program is shorter than an academic year, the two payment periods would be based on the length of her program (in clock hours). Each payment period is one-half the program, or 300 clock hours.



Less than an academic year

If the program of study is shorter than an academic year, each payment period is half the credit or clock hours in the program.

Program Equal to AY Example
Eric is enrolled in a 900-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Eric's program is equal to an academic year, the two payment periods are based on the length of the academic year (in clock hours). Each payment period is half an academic year, or 450 clock hours.



Equal to an academic year

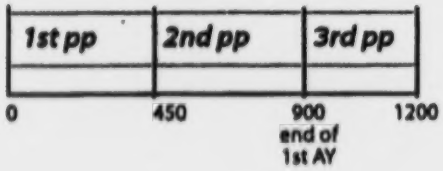
If the program of study is equal to an academic year, each payment period is half the credit or clock hours in the academic year.

Longer than an academic year

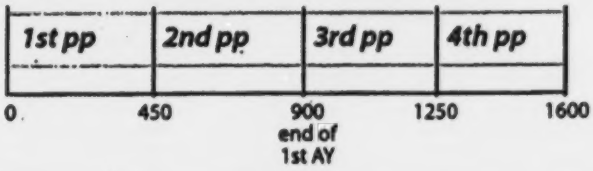
If the program of study is longer than an academic year, each payment period in each full academic year is half the credit or clock hours in the academic year. If the number of hours remaining in the final year is less than half an academic year, the final payment period is the period of time in which the student completes the remaining hours. If the number of hours remaining in the final year is more than half an academic year, each payment period in the final year is the period in which the student completes half the remaining hours in the program.

Program Longer than AY Examples

Marta is enrolled in a 1,200-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Marta's program of study is longer than one academic year, the payment periods in the first year are based on the length of the academic year (in clock hours). Each of these payment periods is 450 clock hours (half the academic year). After the first year, only 300 clock hours remain. Because 300 hours is less than half the academic year, the remaining 300 clock hours constitute the third and final payment period.



Fred is enrolled in a 1,600-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Fred's program of study is longer than one academic year, the payment periods in the first year are half the academic year in clock hours, 450 clock hours. After the first year, only 700 clock hours remain. Because 700 hours is more than half the academic year, Fred has two payment periods in the final year. Each of the payment periods consists of one-half of the remaining hours in the program, or 350 hours each.



Rounding

Previously, schools were required to round to the nearest dollar when making disbursements. However, RFMS will now accept cents in payment amounts. Schools are no longer required to round disbursements, but can if they choose. See Chapter 3 of this volume for more on the RFMS reporting requirements. Note that RFMS has very specific format requirements for payment amounts.

When rounding disbursements, round up if the decimal is .50 or higher; round down if it's less than .50. For instance, if a calculation resulted in a payment of $516.66, round up to $517. If the calculation result was $516.33, round down to $516.

For a student who is expected to be enrolled for more than one payment period in the award year, a school rounding disbursements would have to alternate rounding up and rounding down to ensure that the student receives the correct amount for the year. For example, if a student had a Scheduled Award of $1,025 to be paid in two payment periods, the first payment would be $513 (rounded up from $512.50), and the second payment would be $512 (rounded down to ensure that the student isn't overpaid for the year).

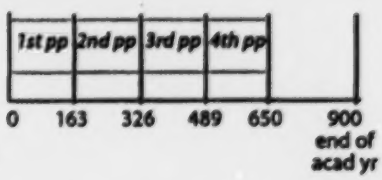
The same principle applies when there are three or more payment periods in the award year. For instance, if the student has a Scheduled Award of $1,100 and enrolls at a school using quarter terms, the payment for each term would come to $366.66. If the school is rounding disbursements, the first two payments would be rounded up to $367, and the last payment would be rounded down to $366 to reach the total of $1,100.

More Frequent Payment Periods Example

Sarven Technical Institute decides to have four payment periods for the 650-clock-hour program Martha is enrolled in. Sarven can determine the number of clock hours in the payment periods by dividing the number of hours in the program by the number of payment periods:

650 ÷ 4 = 162.5

The first three payment periods will each be 163 clock hours. The last payment period will have only 161 clock hours (the hours remaining in the program after the first three payment periods).



Because Martha is enrolled for only 10 clock hours a week, her second payment period won't begin until after she's in the 17th week (it will take her that long to complete 163 hours).

More Frequent Payment Periods Cite
34 CFR 668.4(b)(4)

More frequent payment periods

A school can establish more frequent payment periods for its programs of study. For example, a school may choose to use monthly payment periods. The payment periods must be equal in number of credit or clock hours, except that a final payment period for a program can be shorter than the other payment periods.

End of payment period

For clock-hour programs and nonterm credit-hour programs, the payment period ends when the student has completed all the credit or clock hours in the payment period. Because the length of a payment period is based on credit or clock hours, part-time students will take more calendar time than full-time students to complete each payment period. However, as we'll discuss in "Calculating the Payment for a Payment Period," the number of weeks of instructional time that is used in the formula to calculate the payment for the payment period is the same for full-time and part-time students.

Credits not Awarded until End of Program Cite
34 CFR 668.4(b)(3)

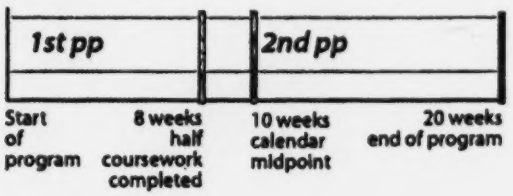
Credits not awarded until later in program

Because the end of a payment period is based on when the student completes the hours in the payment period, there can be a problem if the credits aren't awarded until some time after the student completes the actual coursework. For example, a school may award the student credits only after the student has completed the entire program. In such cases, the school must still determine the payment periods as usual, but can adjust the beginning of the second payment period to account for the student being halfway or further through the year or program without having earned half the credits. The second payment period begins at the later of:

Credits at End of Program Example

Sarven Technical Institute doesn't award credit to a student in the nonterm 24-quarter-hour program Allen is enrolled in until the student completes the entire program. Because the program is shorter than an academic year, it must have at least two equal payment periods. Each payment period will be 12 quarter hours.

Because Allen won't be awarded 12 quarter hours before he finishes the program, Sarven adjusts the beginning of the second payment period. The program is 20 calendar weeks in length; the calendar midpoint between the first and last day of enrollment is at the beginning of the 11th calendar week. Sarven considers that Allen has completed half the academic coursework (although he hasn't been awarded any credit hours) by the end of the 8th calendar week.



Sarven may pay Allen for the second payment period at the beginning of the 11th calendar week, because this is the later of the two points.

- the calendar midpoint between the first and last day of class or
- the point at which the school considers that the student has completed half of the academic coursework for the year or program.

Excused absences

A school with a clock-hour program can take into consideration "excused absences" in determining whether a student has completed the hours in a payment period. The school must have a written policy permitting excused absences, and the absences must actually be excused—that is, the student won't be required to make up the absences to receive the degree or certificate for the program. The school can't allow the excused absences to exceed 10% of the clock hours in the payment period (or less as required by accrediting agency or state agency policies).

Excused Absences Cite

34 CFR 668.164(b)(3)

Excused Absences Example

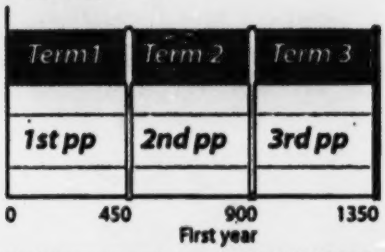
Ivers Community College has a written policy (in accordance with its accrediting agency guidelines) that allows a student to miss up to 50 hours of a 900-clock-hour program. Brendan is enrolled in this program, and misses 20 of his first 450 hours. Because these are excused absences, Ivers can pay Brendan at the same time as it would if he'd completed all the hours when scheduled. Note that although the accrediting agency guidelines in this case allow a student to miss up to 50 hours of the entire program, Ivers couldn't excuse more than 45 hours (10% of the hours) of the payment period.

Terms with clock hours

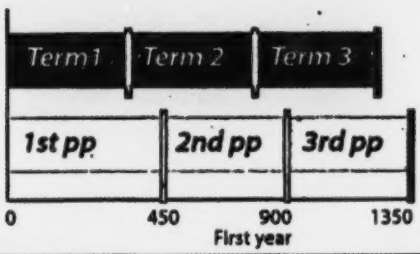
The payment periods for clock-hour term programs are determined in the same way as for nonterm clock-hour programs. The student must complete all the clock hours in the payment period before receiving any more Pell funds. If a student doesn't complete all the hours scheduled for a term, each payment period still contains the number of clock hours originally scheduled, even if this means that none of the student's succeeding payment periods coincide with the terms.

Terms with Clock Hours Example

Eileen enrolls in a 1,350-clock-hour program at Ivers Community College. The program is offered in three terms, each of which is 15 weeks of instructional time. The academic year for this program is 900 clock hours and 30 weeks of instructional time. Each payment period has 450 clock hours.



Eileen enrolls for 450 clock hours in each term in the 1999-2000 award year. Eileen completes only 400 clock hours in the first term. She won't receive her second payment until she completes the remaining 50 hours from the first term in the second term. The second and third payment periods will still be 450 clock hours, and won't line up with the terms:



Nonterm Correspondence Payment Periods Cite
34 CFR 690.66(b)

Correspondence Programs

Nonterm programs

For a nonterm correspondence program, there must be two equal payment periods in each academic year. Each payment period is the lesser of half the academic year or half the program (measured in credit hours).

In addition, the school can't disburse a Pell payment for the first payment period until the student has completed 25% of the work in the academic year or program, whichever is shorter. It can't make the second payment until the student has completed 75% of the work in the academic year or program.

Term Correspondence Payment Periods Cite
34 CFR 690.66(c)(4)

Term programs

For a term correspondence program, as for other term-based programs, the payment period is the term. However, the school can't disburse the Pell for a payment period until the student has completed 50% of the lessons or completes 50% of the work for the term, whichever is later.

Residential training

If the correspondence program has a required period of residential training, the school must treat the residential training as an additional payment period and determine the payment for that payment period using either Formula 3 or Formula 4. Note that the correspondence portion of the program is still treated as a separate portion of the program that's divided into two equal payment periods.

Step 4: Determine Payment Periods

Formula 1, 2, and 3

Payment period is the academic term

Formula 4

Length of payment period measured in credit or clock hours

Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

Formula 5A

Length of payment period measured in credit hours

First payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

Second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of lessons or otherwise completed 75% of the work scheduled, whichever comes last.)

Formula 5B

Payment period is the academic term

Payment for the payment period may be made only after the student has completed 50% of lessons or otherwise completed 50% of the work scheduled for the term, whichever comes last.

CALCULATING THE PAYMENT FOR A PAYMENT PERIOD

Once the school has determined the payment period; it can determine how much of the annual award the student will receive for that payment period. A student can receive a Pell payment only for those terms, or payment periods, in which the student is enrolled. For some students, the total disbursements for all payment periods within the award year will equal the amount of the Scheduled Award. However, students who attend for less than an academic year (in either clock/credit hours or weeks of instructional time) won't receive a full Scheduled Award. This may occur if the student enrolls for only part of the year, attends part time, or if the program is less than an academic year in length. These enrollment variations are taken into account in the calculation of the student's payment for the payment period. The five calculation formulas discussed in this chapter account for these variations differently; therefore, we'll describe the calculation for each formula separately (see "Choosing a Formula," in this chapter for more information on which formula to use).

Formula 1

For a program using Formula 1, a student will attend less than an academic year only if he or she enrolls part time or doesn't enroll in all terms in the academic year. The adjustment for part-time enrollment is made in determining the annual award (by using the appropriate part-time Disbursement Schedules). The adjustment for a student not enrolling in all terms is made by dividing the annual award evenly between the terms. If the student doesn't enroll in a term, he or she won't receive that part of the award. Therefore, to determine the payment for a payment period, divide the annual award by the number of payment periods in the program's definition of the

Formula 1 Calculation Cite

34 CFR 690.63(b)(3), (4)

Formula 1 Example

Helen enrolls full time in Hart University in a degree program offered in semesters. Hart University can use Formula 1 to calculate Pells for students in this program. Helen enrolls in both semesters in the 2000-2001 award year, and her EFC is 752. The Pell COA is $8,170.

Based on a COA of $8,170 and an EFC of 752, the full-time Payment Schedule shows that Helen is eligible for an annual award of $2,550.

To calculate Helen's payment for the semester, Hart divides the annual award by the number of terms:

$2,550 ÷ 2 = $1,275

Therefore, Helen's payment for each semester is $1,275; she'll receive the full annual award of $2,550 if she actually attends full time both semesters.

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Formula 2 Calculation Cite
34 CFR 690.63(c)(3), (4)

Formula 2 Example
Emma enrolls full time in Woodhouse College, which has two semesters of 14 weeks each. Woodhouse College defines the academic year for Emma's program as 24 semester hours and 30 weeks of instructional time, and uses Formula 2 to calculate Pells for students in this program. Emma's EFC is 745, and the Pell COA for the program is $13,210. The full-time Payment Schedule shows that Emma is eligible for an annual award of $2,550.

Because the two terms provide less than 30 weeks of instructional time, the annual award must be prorated:

$$\$2,550 \times \frac{\text{28 weeks instructional time in fall through spring terms}}{\text{30 weeks instructional time in academic year of definition}}$$

$$= \$2,380$$

This prorated amount is then divided by the number of terms:

$2,380 ÷ 2 = $1,190

Therefore, Emma's payment for the each semester is $1,190. Emma will receive $2,380 for her attendance in both semesters. Note that this is less than her Scheduled Award; she may be able to receive the remaining $170 if she enrolls in a summer term.

Formula 3 Calculation Cite
34 CFR 690.63(d)(3), (4)

Disbursement not more than 50% of Annual Award Cite
34 CFR 690.63(f)

Fractions
Remember when using fractions, multiply first, and then divide. Dividing the fraction first to produce a decimal can cause an error if you need to round the decimal up or down.

academic year (two for semesters or trimesters, three for quarters). If the school has a summer term, it may wish to use an alternate calculation that spreads the award over the summer term as well (see "Summer Terms," in this chapter for more information).

Formula 2

For a program using Formula 2, a student will attend less than an academic year in credit hours only if he or she enrolls part time or doesn't enroll in all terms (fall through spring) in the academic year. As for Formula 1, the adjustment for part-time enrollment is made in determining the annual award (by looking up the award on the appropriate schedule). Because the fall through spring terms provide fewer than 30 weeks of instructional time, the school must always adjust for less than an academic year in weeks by prorating the annual award:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in fall through spring terms}}{\text{weeks of instructional time in program's academic year definition}}$$

Then, to adjust for students not attending all terms, the award is divided evenly between terms. To determine the payment for one payment period, divide the prorated annual award by the number of terms in the year (two for semesters or trimesters, three for quarters). If the school has a summer term, it can use the alternate calculation to distribute the award over all terms (see "Summer Terms," in this chapter).

Formula 3

Under Formula 3, the school also adjusts for less than an academic year by using enrollment status in determining the annual award and by distributing the award over terms. Because the program may use uneven nonstandard terms, the award can't simply be divided evenly among the terms. Instead, the school must multiply the annual award by a fraction representing the proportion of an academic year the payment period contains. This procedure adjusts for the period of enrollment that's less than an academic year either because the student misses a term or because the terms provide less than an academic year of instruction. To calculate a student's payment for a payment period, the school uses the following formula:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in the term}}{\text{weeks of instructional time in program's academic year definition}}$$

If the resulting amount is more than 50% of the annual award, the school must make the payment in at least two disbursements in that payment period. A single disbursement for a payment period can never be more than 50% of the annual award. The school may not disburse an amount that exceeds 50% of the annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50% of the weeks of instructional time in the program's academic year definition.

Formula 3 Examples

Anner is enrolled half time in the first 8-week term at Bylsma Conservatory and full time in the remaining three terms. Bylsma defines the academic year for Anner's program as 40 quarter hours and 32 weeks of instructional time, and uses Formula 3 to calculate Pells. Anner's EFC is 323, and the Pell COA for the program is $11,140.

For the first term, the half-time Disbursement Schedule shows that Anner is eligible for an annual award of $1,475. To determine Anner's payment for the first payment period, the school uses the following calculation:

$$\$1{,}475 \times \frac{\text{8 weeks instructional time in the term}}{\text{32 weeks instructional time in the academic year}} = \$368.75$$

Anner's payment for the first payment period will be $368.75.

For the remaining terms, the full-time Payment Schedule shows that Anner is eligible for an annual award of $2,950. To determine Anner's payment, Bylsma uses the following calculation:

$$\$2{,}950 \times \frac{\text{8 weeks instructional time in the term}}{\text{32 weeks instructional time in the academic year}} = \$737.50$$

Anner's payment for each of the remaining three terms will be $737.50.

Owen is enrolled in the education program at Hart University that has a short 4-week term between two 15-week terms. His enrollment status is half-time for the first and third terms and full-time for the second term. The academic year for the program is defined as 34 weeks of instructional time and 24 semester hours. Hart uses Formula 3 to calculate Pells for students in this program. Owen's EFC is 1,214, and the Pell COA for the program is $8,745.

For the first and third terms, the half-time Disbursement Schedule shows that Owen is eligible for an annual award of $1,025. To determine Owen's payment for these two terms, the school uses the following calculation:

$$\$1{,}025 \times \frac{\text{15 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year}} = \$452.21$$

Owen's payment for each of the first and third terms will be $452.21.

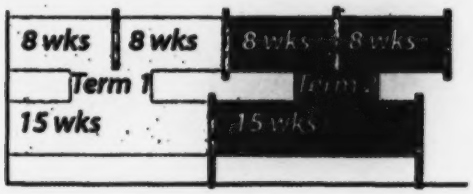
For the second term, Owen has an annual award of $2,050 (from the full-time Payment Schedule). Note that this is the same as his Scheduled Award. To determine his payment for the term, Hart uses this calculation:

$$\$2{,}050 \times \frac{\text{4 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year}} = \$241.18$$

Owen's payment for the second payment period will be $241.18. He'll receive $1,145.60 for the entire year. This is less than his Scheduled Award, but more than the annual award based on half-time enrollment.

Formula 3 Combined Term Example

Eddy is enrolled in a program to which Hart University has recently added four 8-week terms. Two 8-week terms are combined to create two combined semesters providing 16 weeks of instructional time each.



Hart uses the same definition of academic year for the program that it used before adding the 8-week terms: 30 weeks of instructional time and 24 semester hours. Because the terms overlap, Hart uses Formula 3 to calculate payments for students in the program.

Eddy is enrolled three-quarter time in the first term and full time in the second term. His EFC is 0, and the Pell COA for the program is $8,170. The three-quarter-time Disbursement Schedule shows that Eddy is eligible for an annual award of $2,475. His Scheduled Award is $3,300. To determine Eddy's payments for the first term, Hart uses the following calculation:

$$\$2{,}475 \quad X \quad \frac{\text{16 weeks instructional time in the term}}{\text{30 weeks instructional time in the academic year}} = \$1{,}320$$

Eddy will get $1,320 for the first term. For the second term, the full-time Payment Schedule shows that Eddy's annual award is $3,300. Hart calculates the payment for this second term as follows:

$$\$3{,}300 \quad X \quad \frac{\text{16 weeks instructional time in the term}}{\text{30 weeks instructional time in the academic year}} = \$1{,}760$$

Eddy will get $1,760 for the second term. His total Pell for the year will be $3,080, which is less than the Scheduled Award. Note that if Eddy enrolled full-time in both terms, his second payment would need to be reduced so that he wouldn't receive more than his Scheduled Award.

Formula 4

Unlike under the preceding three formulas, no adjustment for enrollment status is made in determining the annual award under Formula 4. Instead, the school has to perform a comparable proration of the award based on hours enrolled in calculating the payment amount. The calculation for the payment period adjusts the annual award both if the student will be enrolled in fewer credit/clock hours than in a full academic year (an adjustment mainly handled by using different Disbursement Schedules in the other formulas) and if a full-time student would be attending fewer weeks than a full academic year. To adjust for fewer weeks, the school must multiply the annual award by the lesser of:

Formula 4 Calculation Cite 1
34 CFR 690.63(e)(2)

Weeks of instructional time for a full-time student to complete hours in program
÷
Weeks of instructional time in program's academic year definition

or

Formula 4 Calculation Cite 2
34 CFR 690.63(e)(3)

Weeks of instructional time for a full-time student to complete hours in academic year
÷
Weeks of instructional time in program's academic year definition

or

1[6]

Note that the result of this multiplication won't ever be greater than the original annual award. Because the annual award is the amount for a full-time student, the fractions use the weeks of instructional time needed for a **full-time student** to complete the hours in the program or academic year. The school must determine the weeks of instructional time it takes a full-time student to complete the hours based on the time required for the majority of its full-time students to complete the program or academic year, not student by student.

Then, to adjust for fewer clock/credit hours, the school must multiply this adjusted annual award by the following fraction:

Clock/credit hours in payment period
÷
Clock/credit hours in program's academic year definition

The resulting amount is the payment for a payment period. However, if this amount is greater than 50% of the annual award, the school must make the payment in at least two disbursements. A single disbursement can never be more than 50% of the annual award.

Formula 5

For nonterm correspondence programs, this step of the calculation is similar to the step under Formula 4. For term correspondence programs, this step is the same as under Formula 3.

Schedule Requirement Cite
34 CFR 690.66(a)(2), (c)(1)

For purposes of the Pell calculation, the school is required to determine the number of weeks of instructional time in the program by preparing a written schedule for the lessons that the student will submit. A nonterm correspondence program must require at least 12 hours of preparation per week. A term correspondence program must require 30 hours of preparation per semester hour or 20 hours of preparation per quarter hour during the term.

6. If both fractions are greater than one, the school may need to make adjustments when it reports weeks on the origination record. See Chapter 3.

Formula 4 Examples

Martha is enrolled for 10 clock hours per week in a 650-clock-hour program at Sarven Technical Institute. She begins attending in January 2001. The program provides 27 weeks of instructional time; Sarven defines the academic year for the program as 30 weeks of instructional time and 900 clock hours. Martha's EFC is 0; the Pell COA for less-than-half-time students in the program is $2,143.

Based on a COA of $2,143 and an EFC of 0, the full-time Payment Schedule shows that Martha is eligible for an annual award of $2,150. Sarven has established 4 payment periods—the first three are each 163 clock hours, the fourth is 161 clock hours. To calculate Martha's payment, the school uses the following calculations:

$$\$2,150 \quad X \quad \frac{\text{27 weeks instructional time for program}}{\text{30 weeks instructional time in the academic year}} = \$1,935$$

$$\$1,935 \quad X \quad \frac{\text{163 clock hours in the payment period}}{\text{900 clock hours in the academic year}} = \$350.45$$

Martha's payment for the first payment period will be $350.45. She can get this payment when she begins the program. She can receive her second payment of $350.45 after she completes the 163 clock hours in the first payment period. Because she's completing only 10 clock hours a week, the final two payment periods will be in the 2001-2002 award year, and a new calculation will be required based on the 2001-2002 Payment Schedule.

Allen is also enrolled at Sarven Technical Institute; his EFC is 137, and the Pell COA for his program is $4,650. His program is 24 quarter hours and 20 weeks of instructional time; the academic year for the program is defined as 36 quarter hours and 30 weeks of instructional time. Based on a COA of $4,650 and an EFC of 137, the full-time Payment Schedule shows that Allen is eligible for an annual award of $3,150.

Sarven has established two payment periods of 12 quarter hours each for Allen's program. To calculate Allen's payment, the school uses the following calculations:

$$\$3,150 \quad X \quad \frac{\text{20 weeks instructional time for program}}{\text{30 weeks instructional time in the academic year}} = \$2,100$$

$$\$2,100 \quad X \quad \frac{\text{12 quarter hours in the payment period}}{\text{36 quarter hours in the academic year}} = \$700$$

Allen's payment for the first payment period will be $700. Allen can receive this payment when he begins the program. Because students don't earn any of the 24 quarter hours in the program until they complete the entire program, Sarven has determined that it can make the payment of $700 for the second payment period after Allen is completed the tenth calendar week of the program.

Nonterm correspondence program—Formula 5A

The school first multiplies the annual award (determined from the half-time Disbursement Schedule, in this case) by the lesser of:

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

Weeks of instructional time for a student to complete credit hours in academic year
Weeks of instructional time in program's academic year definition

or

1

Nonterm Program Calculation Cite 1
34 CFR 690.66(a)(3)

Nonterm Program Calculation Cite 2
34 CFR 690.66(a)(4)

The school then multiplies the result by the following fraction:

Credit hours in payment period
Credit hours in academic year definition

Term correspondence program—Formula 5B

The school multiplies the annual award (taken from the half-time or less-than-half-time Disbursement Schedule) by the weeks in the term divided by the weeks in the academic year:

Annual award X weeks of instructional time in the term / weeks of instructional time in program's academic year definition

Term Program Calculation Cite
34 CFR 690.66(c)(3)

If the resulting amount is more than 50% of the annual award, the school must make the payment in at least two disbursements in that payment period. The school may not disburse an amount that exceeds 50% of the annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50% of the weeks of instructional time in the program's academic year definition. A single disbursement for a payment period can never be more than 50% of the annual award.

SUMMER TERMS

If a school offers a summer term in addition to fall through spring terms, the school calculates the student's payment for the summer term by using the same formula used to calculate the payment for each term within the school's award year. Or, for a program for which the school calculates awards using Formula 1 or 2, the school can perform an alternate calculation under Formula 1 or 2 that distributes the annual award over all the terms for all students enrolled in that program. The alternate calculation is intended for schools where most students attend full-time all year long.

Regardless of the method the school chooses to calculate the student's summer payment, the school must apply its definition of full-time status consistently to all SFA Programs. In addition, in order to calculate a student's Pell under Formula 1 or 2, including the alternate calculation, the school must define full-time enrollment during any summer term as at least 12 credit hours.

Step 5: Calculate Payment for a Payment Period

Formula 1

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

Formula 2

Proration required unless alternate calculation is used

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in fall through spring terms}}{\text{Weeks of instructional time in program's academic year definition}} \div \begin{matrix}\text{2 (if semesters or trimesters)} \\ \text{OR} \\ \text{3 (if quarters)}\end{matrix}$$

OR

For alternate calculation

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

Formula 3 and 5B

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Formula 4

Annual award is multiplied by two fractions:

(1) Annual award x the lesser of

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Formula 5A

Annual award is multiplied by two fractions:

(1) Annual award x the lesser of

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One (1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Credit hours in payment period}}{\text{Credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

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Alternate Calculation

To perform the alternate calculation, only provided for under Formulas 1 and 2, the school divides the annual award by the number of terms (including the summer term) in the award year. If the school chooses to use this alternate calculation, the school must:

- use the alternate calculation for all students enrolled in the same program of study,
- use the alternate calculation for all payment periods in the award year,
- increase the number of weeks of instructional time in the academic year defined for the student's program to include the number of weeks in the summer term, and
- include the costs for the additional term in the Pell COA.

The school may also include the number of credit hours for the additional term in the academic year defined for the student's program.

Summer Minisessions

If a term-based school offers a series of minisessions that overlap two award years (by "crossing over" the June 30 end date for one award year), these minisessions may be combined and treated as one term. However, schools are not required to combine these minisessions.

If the minisessions are combined into a single term (i.e. payment period), the weeks of instructional time in the combined term are the weeks from the beginning of the first minisession to the date the last minisession ends. The student's enrollment status for the entire payment period must be calculated based on the total number of credits the student is projected to take for all sessions. The school must project the enrollment status for a student on the basis of the credits the student has:

- pre-registered or registered to take for all sessions,
- committed to take for all sessions in an academic plan or enrollment contract, or
- committed to take for all sessions in some other document.

When the minisessions are combined into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the minisessions. Note that recalculation is required if the student does not begin attending the projected classes, including those in a subsequent minisession. (See "Change in Enrollment Status" in Chapter 5 of this volume.)

Alternate Calculation Cite

34 CFR 690.63(b)(3)(ii), (c)(4)(ii)

Alternate Calculation Example

Kevin enrolls as a full-time student in a two-year associate degree program at Ivers Community College. The academic calendar for this program uses semesters; there are two semesters in the fall through spring, each providing 14 weeks of instructional time. The program also has a summer semester that provides 14 weeks of instructional time. Ivers can use Formula 2 to calculate Pells for students in the program, and decides to use the alternate calculation to distribute the award over all three terms. The school defines the academic year for Kevin's program as 36 semester hours and 42 weeks of instructional time (both the weeks and the credit hours for the summer term are included in the academic year). Kevin's EFC is 300, and the Pell COA (which includes costs for the summer quarter) is $5,200.

Based on a COA of $5,200 and an EFC of 300, the full-time Payment Schedule shows that Kevin is eligible for an annual award of $3,050. Ivers uses the alternate calculation to determine Kevin's payment for a payment period. It divides the annual award by the number of terms in the award year:

$3,050 ÷ 3 = $1,016.66

Kevin will receive $1,016.67 for two of the three semesters in the year, and $1,016.66 for one semester in the award year.

Summer Calculation Example

Suppose for the preceding example, Ivers didn't use the alternate calculation, and calculated payments using Formula 2. Because Ivers would no longer be required to include the summer term in the academic year definition, it could define the academic year for the program as 30 weeks of instructional time and 24 semester hours. Ivers would also have to adjust the COA (to remove summer costs), although in this case it wouldn't affect Kevin's annual award. Using the same annual award as in the previous example, the school would calculate Kevin's payment as follows:

$$\$1{,}525 \quad X \quad \frac{\text{28 weeks instructional time in fall through spring terms}}{\text{30 weeks instructional time in academic year definition}} = \$1{,}423.33$$

Ivers would then divide this prorated annual award by 2 (because the program uses semesters) to determine Kevin's payment for the payment period:

$1,423.33 ÷ 2 = $711.67

Kevin would receive $711.67 for each of the fall and spring semesters. He'd receive an additional $711.67 payment for the summer semester. Under this calculation, Kevin will receive a total of $2,135.01 for the award year. His Scheduled Award is $3,050, so he won't receive more than a Scheduled Award.

If the minisessions are not combined into a single payment period, the school must treat each minisession as a separate nonstandard term. As long as the school defines full-time enrollment in each minisession as at least 12 credit hours, the school must continue to use the same Pell formula as it used during the academic year for the Pell Grant calculations for each of those minisessions. If the school does not define full-time enrollment in each minisession as at least 12 credit hours, the Formula 3 must be used for the Pell Grant calculations for each of those minisessions. Further, once a program uses Formula 3 for Pell Grant calculations in any of its terms in an award year, then Formula 3 must be used in the award year for all terms in that program, including the fall through spring terms.

COA for Summer Terms

Costs for summer terms are figured in the same way as for any other payment period; that is, the costs are based on a full academic year. For instance, if the school has fall and spring semesters that comprise an academic year, the school can't add the costs for the summer term to the costs for the fall and spring semesters. The award for the summer term is still based on the costs for one academic year. However, if the academic year definition includes the summer term, then the costs for the summer term must be included in the cost for a full academic year.

If the student was previously enrolled in the award year, the school may be able to use the same COA for the summer term that it used for the immediately preceding term the student attended. However, this isn't possible if the school is required to recalculate the COA. (See Chapter 5 of this volume for information on when recalculations are required.) If it's necessary to base the student's COA on the summer

Minisession Example

Brian enrolls part time at Hildebrand University. In addition to fall and spring semesters, Hildebrand University offers three summer minisessions. Each minisession provides 5 weeks of instructional time. Hildebrand chooses to combine the sessions into a single payment period providing 15 weeks of instructional time. Full-time enrollment in this period is defined as 12 semester hours. Hildebrand can use Formula 1 to calculate payments for this summer session.

Brian enrolls for 3 semester hours in each of the minisessions, so he's enrolled three-quarter time (9 hours total in the combined term). His EFC is 772 and the Pell COA is $8,170. Based on a COA of $8,170 and an EFC of 772, the three-quarter-time Disbursement Schedule shows that Brian is eligible for an annual award of $1,913. To calculate Brian's payment, the school divides the annual award by the number of terms in the academic year:

$1,913 ÷ 2 = $956.50

Brian can receive $956.50 for the combined summer session if it's the first term of the award year. If he received payments for the fall and spring semesters from the same award year, the school would need to check his remaining eligibility to see how much he could be paid for the summer session (see "Checking Remaining Eligibility").

If Hildebrand University didn't combine the three minisessions, it would have to calculate payments for the program using Formula 3 (assuming it didn't want to increase the full-time enrollment requirement to 12 credits in each 5-week term). Hildebrand would have to determine Brian's enrollment status for each minisession by multiplying full-time enrollment for the academic year (24 semester hours) by the number of weeks of instructional time in the term (5) over the number of weeks in the academic year (30). For the 5-week terms, a full-time student must enroll in 4 semester hours to be full time; therefore, Brian is still enrolled three-quarter time in each minisession. The COA wouldn't have to be adjusted, and his annual award would remain the same. Hildebrand would determine his payment using the following calculation:

$$\$1{,}913 \quad X \quad \frac{\text{5 weeks instructional time in the term}}{\text{30 weeks instructional time in the academic year}} = \$318.83$$

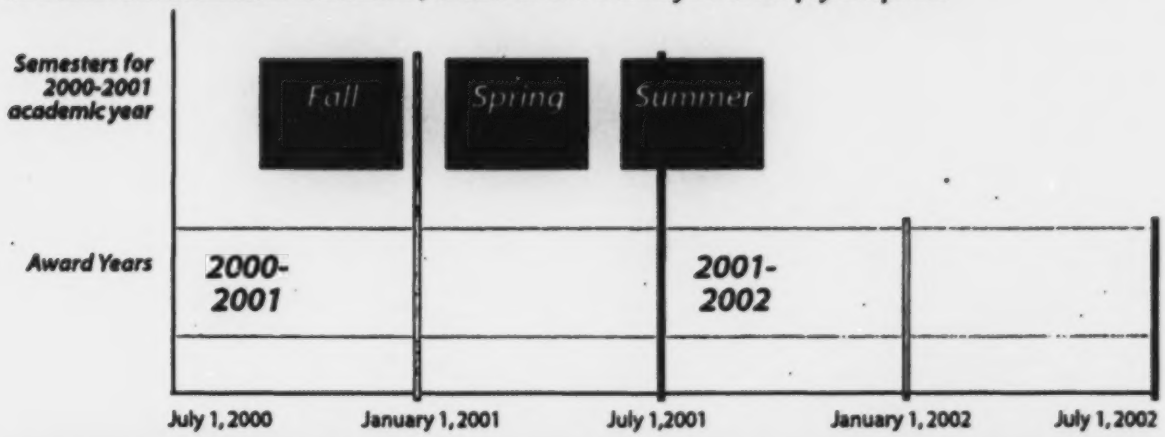
Brian would receive $318.83 for each of the minisessions, for a total of $956.49 for the summer. Again, these payments may need to be reduced if Brian had previously received payments for the fall and spring semester in this award year.

term, the school must prorate the summer costs to establish the cost for an academic year. (See "Calculating the Cost of Attendance" in this chapter for information on prorating costs.)

If the summer session is the first term in the award year for that student (for example, the school is paying a student for the summer 2000 term from the 2000-2001 award year), the school must establish the student's full-year cost based on the costs for the summer term. If the student enrolls in another term in that award year, the school may have to recalculate the student's costs for the later term (see Chapter 5.)

Crossover Payment Period Example

At a school with a traditional term calendar, the summer term is usually a crossover payment period.



Scheduled Award Limitation Cite
34 CFR 690.63(g)

Checking Remaining Eligibility Example

Eddy's enrolled at Hart University. The program he's enrolled in has two 16-week semesters during the award year, which means he'll attend for 32 weeks. However, the academic year has only 30 weeks. Eddy originally planned to enroll three-quarter time in the first semester, and full time in the second. Using Formula 3, Hart determined that he'd receive $1,320 for the first semester and $1,760 for the second. His Scheduled Award is $3,300.

Eddy adds classes so he's actually enrolled full time in the first semester. Therefore, Hart pays him $1,760 for the first semester, instead of $1,320. If Hart paid him $1,760 for the second semester, which is the amount calculated by Formula 3, Eddy would receive $3,520 for the full year, which is more than his Scheduled Award. Hart can only pay him $1,540 for the second term, which is the difference between his Scheduled Award and the amount he's already received for the year.

Crossover Payment Period Cite
34 CFR 690.64

CHECKING REMAINING ELIGIBILITY

A student can never receive more than a Scheduled Award in one award year.[7] In most cases, the calculations assure that a student doesn't receive more than a Scheduled Award, but for some students, the school will need to check the student's remaining eligibility before paying the student. In particular, if the student is attending more than an academic year's worth of courses in the same award year, the student could run out of eligibility for Pell. This most commonly happens with summer terms, or crossover payment periods, but can also happen if the academic year is shorter than the normal coursework offered by the school during the year. The school must also check remaining eligibility for transfer students, because the previous school may have used a different calculation or paid the student on a different schedule.

Crossover Payment Periods

Payment periods don't always fall neatly into one award year or another. When a payment period falls into two award years, it's called a "crossover payment period."

The basic calculation for a crossover payment period is the same as that for any other payment period. However, there are additional provisions for some summer terms. (See "Summer Terms" in this chapter.) In addition, if a student has already received payments for other payment periods in the award year, the school must check his or her remaining eligibility before disbursing funds for the crossover payment period.

Payment from either award year

The school can make a payment for a crossover payment period out of either award year, if the student has a valid output document for the award year selected. However, if more than six months of the payment period is in a given award year, the Pell payment must be made from that award year.

7. As mentioned in the Introduction, the provision allowing students to receive a second Scheduled Award in most cases isn't funded.

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The decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year. For instance, if a student had already been paid for two semesters (each at least 15 weeks) as a full-time student for a full academic year in the 1999-2000 award year, the student would have been paid a full Scheduled Award for that year. However, if the school receives a valid output document for the 2000-2001 award year, the student could be paid for the crossover period from that year's funds. Of course, a student may still be eligible for a summer payment from the earlier award year if the student hasn't attended for a full academic year. For example, a student who enrolls at midyear, in the spring session, might still have eligibility remaining for the summer term. As another example, a student could receive a Pell payment for the summer term, even after receiving payments for the other terms in the award year, if the student attended part time in those other terms, or if those terms provided less than 30 weeks of instructional time.

Crossover Payment Period Checking Remaining Eligibility Example

Brian is attending part time at Hildebrand University. Using Formula 1, Hildebrand determines that Brian can receive $956.50 for each term. His Scheduled Award is $2,550.

Brian enrolls three-quarter time in the fall, spring, and summer terms. For the fall and spring semesters, he'll receive a total of $1,913. If Hildebrand wants to pay him for summer from the 2000-2001 award year as well, it needs to see how much eligibility he has left. Subtracting the amount already received from the Scheduled Award, Hildebrand discovers that Brian only has $637 of Pell eligibility left. Therefore, Brian can only receive $637, instead of $956.50, for the summer term. Hildebrand could also decide to pay Brian for the summer from the 2001-2002 award year.

Transfer Students

The school must be careful not to exceed the Scheduled Award when paying a student who has previously received a Pell for the award year at another school. To pay such a student, the school needs the student's application information and EFC from an output document and financial aid history information.

Application information

There are three ways for a school to get the student's application information and official EFC if that school wasn't listed on the FAFSA:

1. If the school participates in EDE, it can have the student provide the Data Release Number (DRN) that's printed on the upper right corner of the SAR, so that the school can get the student's data electronically.

2. The school can have the student request a duplicate of his or her original SAR and submit it.

3. The school can have the student correct his or her SAR to add the school's name to the list of schools in items 88 through 98.

Financial aid history

The student's financial aid history is in the NSLDS Financial Aid History section of the output document; this section has the information needed to determine a transfer student's remaining Pell eligibility. However, the school will need to make sure it has current information for a midyear transfer student (see "Midyear transfer" below). The school can also get a financial aid history by requesting a financial aid transcript from the other eligible schools the student attended. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on the financial aid history in general.)

Midyear transfer

To calculate awards for students who transfer during the award year, the school must have up-to-date information on the student's

Scheduled Award and the amount disbursed. The output document provides this information for up to three disbursements. However, if the output document was produced early in the year, it won't have the most recent information on the student. The school needs to have NSLDS data from at least 60 days after the end of the student's enrollment at the previous school. This allows time for the previous school to report final changes to RFMS and for those changes to be sent on to NSLDS. A school can either request a duplicate output document, which will have updated NSLDS information if any is available, or can check NSLDS online.

The school can also request a Multiple Reporting Record (MRR), which has information on planned and actual disbursements by other schools (see Chapter 3 for information on MRRs). Once again, the school will need to allow some time for any previous schools to have submitted reports. Like the output document and NSLDS, an MRR has all the information needed to check the student's remaining eligibility, but it also has additional information about expected disbursements.

A school can make an initial disbursement to midyear transfer students before receiving the final data as it would to students for which it had requested but not received a financial aid transcript. Alternatively, the school can request up-to-date transcript data from the previous school. The school can ask the previous school for just the information on the current year and use NSLDS for the remaining financial aid history. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on NSLDS.)

Calculating the payment

The Pell payment for a transfer student is calculated in the same way as for any new student. That is, the school must divide the annual award (prorated if necessary) into payments for each payment period. However, before paying a transfer student, the school must also make sure the student doesn't receive more than 100% of his or her Scheduled Award during the award year. Thus the school must determine what percentage of the Scheduled Award at the previous school the student actually received. Because the school is determining the relationship between the amount the student received and the Scheduled Award used to determine that amount, the school must use the Scheduled Award reported by the previous school in determining this percentage, and can't correct it on the basis of its own records.

Figuring the percentage of remaining eligibility

To determine the percentage of remaining eligibility, divide the amount disbursed at the previous school by the student's Scheduled Award at that school. Then subtract this percentage from 100%. The result is the maximum percentage of the Scheduled Award that the student may receive at the new school.

The reason for using percentages is that a transfer student may have different Scheduled Awards because, for example, the costs of attendance at the two schools may be different. The percentages are used to compare the portions of a student's total eligibility that have been used at both schools. (If the student's Scheduled Award is the same at both schools, the financial aid administrator can find the amount of the student's remaining eligibility simply by subtracting the amount received at the first school from the Scheduled Award.)

Note that a transfer student receives the same payments as any other student until the limit (100% of a Scheduled Award) is reached. The school gives the student the full amount for each payment period, rather than trying to ration the remaining amount by splitting it evenly across the remaining terms.

Formula 1 Summary

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies)

- *Enrollment for at least 12 credit hours each term required for full-time status*
- *Program terms don't overlap*
- *Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring)*
- *Fall through spring terms equal at least 30 weeks of instructional time, or at least 26 weeks of instructional time if the program was granted a waiver of the minimum 30-week academic year requirement*

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term

Step 5: Calculate Payment for a Payment Period

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

Formula 2 Summary

Standard-term, credit-hour programs, with fewer than 30 weeks of instructional time and waiver does not apply

- ***Enrollment for at least 12 credit hours each term required for full-time status***
- ***Program terms don't overlap***
- ***Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring)***
- ***Fall through spring terms are less than 30 weeks of instructional time and the program wasn't granted a waiver of the minimum 30-week academic year requirement***

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as nonprorated COA.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term

Step 5: Calculate Payment for a Payment Period

Proration required unless alternate calculation is used

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in fall through spring terms}}{\text{Weeks of instructional time in program's academic year definition}} \div \begin{matrix}\text{2 (if semesters or trimesters)} \\ \textbf{OR} \\ \text{3 (if quarters)}\end{matrix}$$

OR

For alternate calculation

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

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Formula 3 Summary

Any term-based, credit-hour programs; may include those qualifying for Formulas 1 and 2

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term

Step 5: Calculate Payment for a Payment Period

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Formula 4 Summary

Clock-hour programs and credit-hour programs without terms

Step 1: Determine Enrollment Status

At least half time or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

Always taken from full-time Payment Schedule (equal to Scheduled Award)

Step 4: Determine Payment Periods

Length of payment period measured in credit or clock hours

Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

Step 5: Calculate Payment for a Payment Period

Annual award is multiplied by two fractions:

(1) Annual award x the lesser of

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

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Formula 5A Summary

Programs of study by correspondence, nonterm correspondence component. The written schedule for the submission of lessons must reflect a workload of at least 12 hours of preparation per week of instructional time.

Enrollment status is never more than half time

Full time, full academic year costs (for applicable components)

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which costs the apply}}$$

Annual award taken from half-time Disbursement Schedule

Length of payment period measured in credit hours

First payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

Second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of lessons or otherwise completed 75% of the work scheduled, whichever comes last.).

Annual award is multiplied by two fractions:

1) Annual award x the lessor of

$$\frac{\text{Weeks of instructional time for student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Credit hours in payment period}}{\text{Credit hours in program's academic year definition}}$$

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Formula 5B Summary

Programs of study by correspondence, term-based correspondence component
During each term, the written schedule for the submission of lessons must reflect a workload of at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter hour

Step 1: Determine Enrollment Status

Enrollment status can only be half time or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs (for applicable components)

Cost for program or period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's academic year definition}}{\text{Credit hours to which the costs apply}}$$

Step 3: Determine Annual Award

Annual award taken from appropriate part-time Disbursement Schedule (half time or less than half time)

Step 4: Determine Payment Periods

Payment period is the academic term

Payment for the payment period may be made only after the student has completed 50% of lessons or otherwise completed 50% of the work scheduled for the term, whichever comes last.

Step 5: Calculate Payment for a Payment Period

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Pell Reporting

CHAPTER 3

This chapter explains how to report Pell information to the Department through the Recipient Financial Management System (RFMS) and how this reporting system affects the school's authorization.

OVERVIEW OF NEW RFMS

Schools report Pell disbursements to the Department through the Recipient Financial Management System (RFMS). As in previous years, schools will receive an initial Pell authorization.[8]

The reporting process starts with origination records. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them. A school should submit origination records for any student that it might pay a Pell to. When RFMS receives an origination record, it checks the record to make sure there aren't errors and then returns an acknowledgement.

When the school makes a disbursement, it needs to send in a disbursement record. The disbursement record reports the actual disbursement date and the amount of the disbursement. RFMS also returns an acknowledgement for the disbursement record, which will let the school know if there were any problems with its submission. RFMS sends information from disbursement records to the Education Central Automated Processing System/Grants Administration and Payments System (EDCAPS/GAPS, or GAPS), and the school's authorization will be adjusted.

RFMS Software

The Department provides a Pell Payment module as part of the EDExpress software. However, schools aren't required to use this software, and we won't discuss the specifics of the software in this chapter. Schools using the Department's software can use the Desk Reference for the Pell Payment software or the online help in EDExpress for help with the software. They can also download the *RFMS EDE Pell Grant Technical Reference* from <http://www.sfadownload.ed.gov>. The school might also want a copy of the RFMS Training CD-ROM produced by the Department; in addition to general materials on RFMS, this CD-ROM has a set of tutorials on

8. The schools participating in the Just-In-Time Funding pilot don't receive an initial authorization, because they don't draw down funds. Instead, funds are automatically deposited in the schools' bank account, based on disbursement records they submit.

using the EDExpress software. Schools can request a copy of this CD-ROM by calling the Federal Student Aid Information Center at 1-800-4FEDAID (1-800-433-3243).

Schools using third-party software should consult the materials provided by the vendor. A school that develops its own software may want to refer to the record layouts for the various RFMS records. The records have to be formatted correctly to be accepted by RFMS. The layouts are available on the IFAP web site at <http://ifap.ed.gov/csb_html/software.htm>. IFAP also has other information about RFMS, such as edit codes, and a series of Action Letters describing the system.

PELL AUTHORIZATION

At the beginning of each award year, a school is given an initial authorization based on an estimate of the Pell funds the school will need to cover its first payments. As the award year progresses, the authorization for the school will be adjusted based on the actual dollar amount of disbursements the school reports to RFMS.

RFMS sends information on the school's initial authorization to GAPS. It also sends an Electronic Statement of Account (ESOA) to schools to notify them of their initial authorization. As the school reports disbursements to RFMS, RFMS makes any necessary adjustments to the authorization, and notifies GAPS so that funds will be available to the school. RFMS enables the Department to track a school's need for funds as the award year progresses and adjust the school's authorization on that basis. The system also provides documentation to the school for reconciling the school's records of total expenditures with the Department's records of eligible students paid by the school. (This documentation is the Year-to-Date data; see "Year-to-Date Records," in this chapter.) The Pell funds that the school reports as expenditures to GAPS must equal the total payments to eligible Pell recipients at the school, as shown by the records for each student.

REPORTING METHOD

Electronic Data Exchange

Schools must use the *Electronic Data Exchange* (EDE) to report Pell information to the Department. This method allows schools or their service agents to use the school's computers to send and receive information to and from the Department. The Department supplies personal computer communication software (EDConnect). Information is transmitted electronically by telephone line to a communications network (the Student Aid Information Gateway [SAIG], formerly, the Title IV WAN), which in turn transmits the information to RFMS.

ORIGINATION RECORDS

RFMS origination records contain much the same data as the Payment Data used previously. One difference is that origination records don't include actual disbursement dates and amounts, because those are reported separately on disbursement records. A school must submit an origination record for every Pell recipient. The origination record establishes a student's eligibility and the amount of Pell the student can receive for the award year.

Origination Record Cite
Action Letter #6, April 8, 1999

Submitting Records

A school should submit an origination record for every student it might pay during the award year; the school doesn't have to disburse funds for each origination record. Also, more than one school can submit an origination record for a student. However, RFMS only accepts one origination record from each school for each student; if a school submits another origination record with different data for a student, RFMS treats the new record as an update to the original record.

Timing of submissions

A school can submit an origination record as early in the year as it chooses, once the system starts up. In 2000-2001, schools can submit origination records beginning on May 10, 2000. It's to the school's benefit to submit origination records well in advance of the time of disbursement. This will allow the school enough time to correct any problems with the student's eligibility that might otherwise delay disbursements.

Also, RFMS has to accept an origination record for a student before a disbursement record can be processed and disbursements made. Submitting the origination records early ensures that disbursement records won't be rejected because there's no acceptable origination record. If a school does submit an origination record and disbursement record for a student in the same batch, the origination record gets processed first, but of course if there's a problem with that origination record the disbursement record will also be rejected.

Timing of Origination Records Example

Hart University decides to submit as many of its origination records as possible at the beginning of July.

Bruce won't be attending until the spring semester next year, but Hart University submits an origination for him anyway in July. This record is accepted, and Hart will now just have to submit a disbursement record closer to Bruce's disbursement date.

Owen will start in the fall; the origination record Hart submits for him is rejected, but it will have several months to submit a new origination record and fix the problems.

Chris is supposed to receive a disbursement in July, so Hart submits a disbursement record for him in the batch with all the origination records. His origination record is also rejected, which causes his disbursement record to be rejected too. Hart will need to resolve the problem quickly and submit both a new origination record and a new disbursement record for Chris.

Specific Origination Record Items

The software the school uses to prepare origination records should help it enter data in the correct origination record format. Some items that can be entered are required, and others are optional. The Department's EDExpress software won't let the school submit invalid data, but the school will still want to make sure the information is correct for that student.

Origination ID

The school's software may automatically generate the correct origination ID (for example, the Department's software will do so). The origination ID consists of the SSN used on the student's first application for the year (which might not be the student's actual SSN), the first two letters of the last name reported on the student's first application, four digits for the award year (2001 for the 2000-2001 award year), the school's Pell ID, and 00. The two zeroes represent a

Record Layouts

As mentioned previously, the record layouts for all the RFMS records are available on IFAP. Schools may find them a useful reference on what values RFMS will accept.

Origination Record Data Elements

The required items are:

- *Origination ID*
- *Original SSN*
- *Original Name Code*
- *Attending Campus ID*
- *Award Amount*
- *Estimated Disbursement Date #1*
- *Enrollment Date*
- *Verification Status Code*
- *Transaction Number*
- *EFC*
- *Academic Calendar*
- *Payment Methodology*
- *Cost of Attendance*
- *Enrollment Status*
- *Weeks of instructional time used to calculate payment*
- *Weeks of instructional time in program's definition of academic year*
- *Hours in all payment periods used to complete school year*
- *Hours in program's definition of school year*

The optional items are:

- *Institutional Cross-Reference*
- *Action Code*
- *Number of Payment Periods in Student's School Year*
- *Estimated Disbursement Dates #2-#15*
- *Low Tuition and Fees Code*
- *Incarcerated Federal Pell Recipient code*
- *Secondary EFC*

Award Amount Example

Hart University has determined that Eddy's award for the year will be $2,916.80. When reporting the amount on the origination record, Hart reports that Eddy's award amount will be $2,917.00, by reporting it as 0291700. This ensures that Hart will be able to pay Eddy the entire amount without problems from RFMS.

field that's not in use this year, so for 2000-2001 all origination IDs end with two zeroes.

The origination ID is used to uniquely identify the student and school in the RFMS database. If the school submits another record using the same origination ID, RFMS will assume it's either a duplicate of the first (if no data has changed) or a correction to the earlier record.

Award amount

The award amount is reported as seven numbers, with no other characters such as dollar signs, commas, or periods. The last two numbers represent cents, so for an award amount of $3,300, the school would report 0330000 as the award amount to RFMS. If the school doesn't report an amount for cents, RFMS will take the last two digits to be the cents amount. So, for example, if a school reports an award amount of 2000, RFMS will take this to be an award of $20.00, not $2,000.

In addition, for the 2000-2001 award year, the cents amount must be zero. Any other amounts reported as cents on an origination record are dropped and replaced with zeroes. For example, if the school reports an award amount of 0056250 (an award of $562.50), RFMS will correct that to 0056200 (an award of $562.00). The school then wouldn't be able to submit and receive disbursement amounts for the full award amount, because the last fifty cents would be more than the award amount on file. Therefore, a school that's going to pay an award amount that includes cents should round that amount up to the next whole dollar when reporting it on the origination record.

Low tuition and fees code

This is an optional item, used to indicate that the school used the Alternate Schedule to determine the student's annual award (see Chapter 2 of this volume). A school that used the Alternate Schedule reports a number that shows the tuition range it used for the student:

1 Tuition of zero

2 Tuition of $1-$149

3 Tuition of $150-$299

Verification status code

The school must report a verification status code, even if the student wasn't selected for verification. If the student wasn't selected, the verification status code is "N" (Not selected). Otherwise, the school should report the appropriate code for the student's status:

A Accurate: Verification was completed, and the record being used for the award is accurate.

C Calculated: Errors were discovered during verification; the school calculated what the changed award would be. The corrected EFC would be lower, and the school is paying on the original, incorrect, higher EFC. (See Chapter 8 of the *SFA Handbook: Student Eligibility [Volume 1]* for more information.)

R Reprocessed: Errors were discovered during verification, and the information was corrected and reprocessed. The school is using the corrected information. A school would also use the "R" code if the student wasn't required to make a correction (for example, if the errors fell within the verification tolerance), but did so voluntarily. Note that the Transaction Number reported in the origination record has to be greater than 01 if the school is reporting R for a verification status code.

S Selected, not verified: The student was selected for verification, but the school wasn't required to verify the student's information because it had already verified 30% of its applicants or is participating in the QA Program (see Chapter 8 of the *SFA Handbook: Student Eligibility [Volume 1]* for more on these exceptions).

T Tolerance: Errors were discovered during verification, but the errors were within the verification tolerances, so no corrections were made. This code is also used for students who meet certain verification exclusions (see Chapter 8 of the *SFA Handbook: Student Eligibility, [Volume 1]* for information on verification tolerances and exclusions).

W Without documentation: The student hasn't completed the verification process. A school can make a first disbursement to a student with this status, but won't be able to make any further disbursements until verification is completed. The school must then submit a new, updated origination record with the correct verification code.

Enrollment date

This is the first date the student was enrolled in the eligible program for the award year. (For this item, "enrolled" means the first day the student attended classes.) If the student enrolled in a crossover payment period before the first day of the award year (July 1), report the actual date enrolled, even though that date occurs before the start of the award year.

Enrollment Date Example

Isabella is enrolled in a summer term at Woodhouse College, and it's the first term in the 2000-2001 award year. The term began on June 7, 2000. Woodhouse reports the enrollment date as 20000607 on the origination record it submits for Isabella for the 2000-2001 award year.

Academic calendar

The academic year categories are defined as follows:

1 Credit hours—nonstandard terms. The school uses nonstandard academic terms but measures progress by credit hours or units.

2 Quarters. The school uses standard term quarters and measures academic progress by quarter hours.

3 Semesters. The school uses standard term semesters and measures academic progress by semester hours.

4 Trimesters. The school uses standard term trimesters and measures academic progress by semester or trimester hours.

5 Clock hours. The school measures academic progress by clock hours.

6 Credit hours without terms. The school doesn't use terms, and measures academic progress by credit hours.

Cost of attendance

The cost of attendance is reported as seven numbers, with no other characters such as dollar signs, commas, or decimal points. The last two numbers represent cents, so for a cost of attendance of $10,345, the school should report 1034500. If the school submits a cost of attendance of 10345, RFMS will take that to be a cost of attendance of $103.45. Unlike the award amount, the cents amount doesn't have to be zero, so a school could report a cost of attendance of $3,456.89, as 0345689.

Enrollment Status Codes

1 Full-time
2 Three-quarter time
3 Half time
4 Less-than-half time
5 Other

Enrollment status

This item is only completed if the academic calendar uses terms (standard or nonstandard). The enrollment status code "Other" is used when the student's enrollment status is "mixed"—for instance, when a student attends full time one term and half time the next, or when the student attends an additional (optional) term within the award year. Reporting a status of "Other" allows RFMS to accept an award amount up to the full Scheduled Award.

Enrollment Status Example

Brian is enrolled three-quarter time at Hildebrand University for the fall and spring semesters, and also for the summer term. Hildebrand reports his enrollment status as 5, which is "Other." If it reported his status as 2, "Three-quarter time," the award amount would be limited to Brian's three-quarter-time annual award, and Brian wouldn't be able to receive payment for the summer term.

Weeks of instructional time used to calculate payment

This item isn't completed if the school is using Formula 1 to calculate the Pell Grant, but is reported for all other formulas. (See Chapter 2 of this volume for more information about the formulas.) Note that this is an amount for the entire award year; this amount won't match the amount actually used in calculations under Formulas 3 and 5B because they only use the number of weeks in a particular payment period in the calculation.

For standard-term-based, credit-hour programs (programs using Formula 2), this is the total number of weeks provided in the school's fall through spring terms. For other term-based, credit-hour programs (programs using Formulas 3 or 5B), this is the total number of weeks of instructional time provided in all terms that are part of a normal complete academic year. For programs using Formulas 4 or 5A, this is the number of weeks of instructional time provided by the program or

academic year, whichever is less.[9] Note that the weeks of instructional time might not be the same as the number of calendar weeks (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information).

The number the school reports here can never be more than the number of weeks of instructional time in the program's definition of academic year, which is also reported on the origination record. If it would be larger (which should only happen for programs using Formulas 4 or 5A), the school should adjust one of the two numbers so they're the same.

Credit/clock hours in all payment periods expected to complete this school year

This item is completed only for clock-hour (schools using Formula 4) or nonterm credit-hour programs (schools using Formula 4 or Formula 5A). It's the number of hours or credits the student is expected to complete in all payment periods occurring in the current award year. If the school is paying the student in the current award year for payment periods that are in progress or are already completed, it must be sure to include those payment periods in this total. This number can't be more than the number of credit/clock hours in the program's definition of academic year, which is also reported on the origination record.

Origination Record Acknowledgement

When RFMS receives origination records, it edits them to make sure there are no errors. Then it sends an acknowledgement back to the school. RFMS will send one acknowledgement record back for each origination record it received.

RFMS will accept the origination record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected. The acknowledgement record has an action code that shows whether the origination record was accepted (A), corrected (C), or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected.

When an origination record is accepted or corrected the acknowledgement record reports back the values on file within RFMS for each data element on the origination record. RFMS keeps each data element's accepted or corrected value. If an origination record was rejected, the acknowledgement record reports back the values reported by the school for each data element. RFMS doesn't keep any data for an origination record that was rejected due to errors.

Schools should check records rejected because the SSN or Name Code was invalid or didn't match (edit code 303); in many cases, this means that the student isn't in the Pell database. This can occur if an

Weeks of Instructional Time Examples

Woodhouse College uses Formula 2 to calculate Pell Grants. It has two 14-week semesters, and in the calculation it reduces annual awards by multiplying them by 28/30 (weeks of instructional time in the terms divided by weeks of instructional time in the academic year). Woodhouse College reports 28 as the weeks of instructional time used to calculate payment.

Hart University has a nonstandard term program that has a short 4-week term between two 15-week terms; it uses Formula 3 to calculate Pells for this program. It determines payments for the 15-week terms by multiplying the annual award by 15/34 (weeks of instructional time in the payment period divided by weeks of instructional time in the academic year) and for the 4-week term by multiplying the annual award by 4/34. A student enrolling in all the terms for a normal year would have 34 weeks of instructional time (and would eventually receive 34/34ths of an annual award). Hart reports 34 as the weeks of instructional time used to calculate payment.

Sarven Technical Institute has a program that provides 27 weeks of instructional time. The academic year is 30 weeks of instructional time. In calculating payments, Sarven multiplies the annual award by 27/30 (weeks of instructional time in the program divided by weeks of instructional time in the academic year). Sarven reports 27 as the weeks of instructional time used to calculate payment.

9. For Formula 4, the number of weeks of instructional time provided by the program is the number of weeks of instructional time it takes a full-time student to complete the hours in the program. See Chapter 2 of this publication, page 43.

Origination Record Edit Codes

Edit Codes	Message	Type
301	Invalid Origination ID	Rejected
302	Duplicate Origination	Rejected
303	Invalid Original SSN or Name Code/ Applicant not on Eligible Applicant File	Rejected
304	Attending and Reporting/ Funded Campus Mismatch or Origination Identifier Pell ID Mismatch with Attending Campus Pell ID	Rejected
305	Invalid Award Amount/Correction Applied	Warning
306	Invalid Disbursement Date/Correction Applied	Warning
307	Invalid Enrollment Date/Correction Applied	Warning
308	Invalid Low Tuition and Fees Code/ Correction Applied	Warning
309	Invalid Verification Code/Correction Applied	Warning
310	Invalid Incarcerated Federal Pell Recipient Code/ Correction Applied	Warning
311	Invalid Transaction Number	Rejected
312	Invalid Expected Family Contribution	Rejected
313	Invalid Secondary Expected Family Contribution/ Correction Applied	Warning
314	Invalid Academic Calendar/Correction Applied	Warning
315	Invalid Payment Methodology/Correction Applied	Warning
316	Invalid Number of Payment Periods/Correction Applied	Warning
317	Invalid Cost Of Attendance/Correction Applied	Warning
318	Invalid Enrollment Status/Correction Applied	Warning
319	Invalid Weeks of Instructional Time in Program's Definition of Academic Year/Correction Applied	Warning
320	Invalid Weeks of Instructional Time Used to Calculate Payment/Correction Applied	Warning
321	Invalid Credit/Clock Hours in Program's Definition of Academic Year/Correction Applied	Warning
322	Invalid Credit/Clock Hours in all Payment Periods Expected to Complete this School Year/Correction Applied	Warning
323	Origination 'Over Paid' and Negative Disbursement Expected	Warning
324	Invalid Secondary Expected Family Contribution	Rejected

eligible student incorrectly reported having a bachelor's degree or being enrolled as a graduate student. The school must correct (or have the student correct) the incorrect information before it can receive any payment for the student from the Department.

RFMS corrections

RFMS makes corrections to invalid values whenever possible, rather than rejecting the record. Values may be invalid because they're formatted incorrectly, or they may be invalid in relation to other data the school has reported. For example, the school reported academic calendar as 3 (Semester) but the payment methodology is reported as 4 (Credit/Clock Hour, or Formula 4). In this case, RFMS would correct the payment methodology to 3 (Credit Hour with standard or nonstandard terms) to agree with the reported academic calendar. The record layouts detail how RFMS corrects invalid values.

RFMS will also calculate the maximum award amount the student can receive, based on the attendance, cost, and EFC on file in RFMS. If the reported award amount is more than this maximum amount, RFMS will correct the award amount. Note that RFMS won't increase the award amount the school reported; a school that accidentally reported an award amount that's too low will need to update the origination record itself.

Correction Example

Woodhouse College reports an award amount of 0330000 ($3,300) for George. However, George's EFC is 573, and Woodhouse also reported that he would only be enrolled half-time. RFMS reduces the award amount to 0137500 ($1,375, George's annual award according to the half-time Disbursement Schedule).

Sarven Technical Institute wanted to report an award amount of $1,323 for Allen, but forgot to include the necessary zeroes. Instead of reporting an award amount of 0132300, Sarven reported 1323. RFMS first reads this as an award amount of 0001323 ($13.23) and then replaces the cents amount with zeroes, so the corrected award amount is 0001300 ($13.00). Sarven will need to submit another origination record for Allen and report his award as 0132300, if it actually plans to submit disbursement records that total $1,323.00.

DISBURSEMENT RECORDS AND SPECIAL DISBURSEMENT RECORDS

A school must report each payment made to each eligible student. RFMS has two records for reporting disbursements: the disbursement record and the special disbursement record. Most schools (those using any funding method other than Reimbursement) will use the disbursement record, which has only 5 items the school needs to report. Because the Department needs additional award data by payment period for schools on Reimbursement or schools who have lost eligibility during the award year, these types of schools must use special disbursement records, which require the school to report on 20 items. However, other schools can use special disbursement records if they choose.

Disbursement Record Cite

Action Letter #7, April 27, 1999

Timing of Submissions

As mentioned previously, before RFMS will accept a disbursement record or special disbursement record, it must have an accepted origination record for the student. Although a school can submit both records in the same batch, if there's a problem with the origination record, the disbursement record or special disbursement record won't be accepted.

Under Advance Funding, a disbursement record (or special disbursement record) can be submitted as early as 30 days before the actual disbursement date. However, a school may want to wait until closer to or after the disbursement date, because if a reported disbursement isn't made the school will need to submit another disbursement record reducing the payment amount. Schools using

Disbursement Amount Example

In August, Hart University submits a disbursement record for Owen, showing that it plans to disburse $413.82 to him after the beginning of the fall term, on September 7. The debit/credit indicator is P, and the disbursement amount is 0041382. At the time Hart submits the disbursement record, Owen is enrolled half time. However, two weeks before the disbursement date, Owen changes his enrollment status to full time. Because of this change, he can receive an additional $413.39 in the fall disbursement. Hart submits another disbursement record, showing the same planned disbursement date as the first, a debit/credit indicator of P, and a disbursement amount of 0041339. When Hart is ready to make the disbursement, after classes start, it discovers that Owen didn't start attending some of his classes, so he's only enrolled half time after all. Hart makes a disbursement for the original amount of $413.82. Later, it submits another disbursement record showing a negative disbursement of $413.39 (the amount it ended up not giving to Owen). The disbursement date is still the same date, the debit/credit indicator is N, and the disbursement amount is 0041339.

Just-In-Time Funding can submit records up to five days before the disbursement date; schools on Reimbursement or Cash Monitoring can't submit a disbursement record or special disbursement record until they have actually made the disbursement to the student. In all cases, a record that's submitted too early will be rejected.

A disbursement record should be submitted no later than 30 days after the disbursement is made. A school is required to report disbursements within 30 days of making the payment (see "Reporting Deadline," in this chapter).

Specific Disbursement Record Items

The disbursement record must have an Origination ID, which must match an origination record in the RFMS database. If there's no match, the disbursement record will be rejected. It must also have a disbursement reference number. The school can assign these numbers as it chooses, but the number must be from 01 to 90, and must be different for each of the student's disbursements. Schools may find it convenient to number each student's first disbursement 01, and then use consecutive numbers for the following disbursements.

There are two parts to reporting the disbursement amount. First, the disbursement record has a debit/credit indicator flag. If this is set to "P" (positive), it means the school is reporting a positive disbursement (money paid to the student). If it's set to "N" (negative), the school is reporting a negative disbursement (money taken from the student, or an award reduction). On the first disbursement record the school submits for a student, the debit/credit indicator flag must be P (positive). The school reports the disbursement amount separately from the indicator. Like the award amount on the origination record, the disbursement amount is reported as seven numbers, with no other characters. Again, the school must report cents for the disbursement amount but unlike on the origination record, the amount of cents can be something other than zero.

Special disbursement records

In addition to the information in disbursement records, special disbursement records have information about the payment period for which the disbursement is made, and information that can be used to calculate the correct amount of the payment for that payment period. The school must report the number of payment periods in the school year, which payment period this disbursement is for, the start and end date of the payment period and the total payment amount for the payment period.

The school also reports values for a number of items reported on the origination record, but provides the value just for that payment period. For example, the school reports the academic calendar for that payment period, which may be different from the academic calendar

reported on the origination record. Other such items that are reported are the payment methodology, COA, enrollment status.

To allow the correct calculation of the payment amount, the special disbursement record includes the number of weeks used to calculate the payment for the payment period (for Formulas 2, 3, 4, and 5), and the number of credit/clock hours the student is expected to complete in the payment period (for Formulas 4 and 5). For standard-term-based, credit-hour programs (programs using Formula 2), the number of weeks is the total number of weeks provided in the school's fall through spring terms. For other term-based, credit-hour programs (programs using Formulas 3 or 5B), the number of weeks is the total number of weeks of instructional time in the payment period. For programs using Formulas 4 or 5A, the number of weeks is the number of weeks of instructional time provided by the program or academic year, whichever is less.

Treatment of special disbursement records received after disbursement records

In some cases, a school might submit a special disbursement record after a disbursement record has already been accepted by RFMS. For example, a school might submit disbursement records for a student and then be put on Reimbursement and need to use special disbursement records for any later disbursements, or a school might decide to use a special disbursement record for one of the student's payment periods. Remember that special disbursement records have information about the payment period they're for, but disbursement records have no payment period information. Because a payment period can contain more than one disbursement, when RFMS receives a special disbursement record after accepting a disbursement record for the student, it has to figure out what payment periods the earlier disbursement records applied to. In particular, RFMS needs to determine if any part of the earlier disbursements were for the payment period reported on the special disbursement record. If they were, the disbursement amount on the special disbursement record will be reduced by the amount of the disbursements that were determined to be for that same payment period.

Treatment of Special Disbursement Record Example

Hart University submitted an origination record for Ivory showing that she's enrolled full time in a semester program with 2 payment periods in the academic year, and that Hart uses Formula 1 to calculate Pell Grants for students in the program. The award amount RFMS accepted is 0330000 ($3,300). RFMS has received disbursement records from Hart for Ivory with disbursements totaling $1,658, and now receives a special disbursement record with a disbursement amount of 008250 ($825).

The special disbursement record shows that Ivory is enrolled half time in this payment period, and that this is her second payment period in the school year. Based on the COA reported by Hart and Ivory's EFC, her annual award for half-time enrollment is $1,650.

Based on the data on the origination record, RFMS considers $1,650 of the $1,658 previously disbursed to have been disbursed for the student's first payment period and $8.00 of the previously disbursed funds to have been disbursed for the second payment period. (3300/2=1650, $1,658 - $1,650 = $8.00.) Because Ivory's maximum award payment for the second payment period is $781.50 (1563/2) and she's already received $8.00 of that, RFMS will correct the disbursement amount on the special disbursement record from the reported amount 0082500 ($825.00) to 0081700 ($817.00).

Disbursement Record and Special Disbursement Record Acknowledgement

When RFMS receives disbursement records, it edits them to make sure there are no errors. Then it sends an acknowledgement back to the school. RFMS will send one acknowledgement record back for each disbursement record or special disbursement record it received.

RFMS will accept the record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected. The acknowledgement record has an action code that shows whether the record was accepted (A), corrected (C), or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected.

Disbursement Record Edit Codes

Edit Codes	Message	Type
401	Invalid Origination ID (not in Valid Format)	Rejected
402	Origination ID does not Match on RFMS	Rejected
403	Disbursement Reference Number not Valid	Rejected
404	Debit/Credit Indicator Flag not Valid	Rejected
405	Disbursement Amount not Valid	Rejected
406	Disbursement Amount not in Range	Warning
407	Disbursement Date not Valid Date Format	Rejected
408	Disbursement Date not Valid for Processing Date or not in Valid Range	Rejected
409	Institution Must Submit Special Disbursement	Rejected
410	Potential Concurrent Enrollment-Multiple Reporting Sent Separately	Warning
411	Potential Overaward Payment-Multiple Reporting Sent Separately	Warning
412	Negative Disbursement cannot be Accepted without Previous Positive Disbursement	Rejected
413	Insufficient Negative Disbursement Amount-Negative Disbursement Expected for Difference Amount	Warning
414	Origination in "Over_Paid" Status-Positive Disbursement cannot be Accepted	Rejected
415	Institution Status Indicates Institution Must Submit Special Disbursement Record	Rejected
416	Negative Disbursement Adjusted to Reflect Accepted Previous Disbursement Balance	Warning
417	Disbursement Submitted after End of Processing Year and Institution has not been Granted Administrative Relief	Rejected
418	Origination Indicates Verification Status 'W,' Disbursement Adjusted to 50% of Origination Award Amount	Warning
419	Origination Indicates Verification Status 'W,'	Warning
420	Origination Indicates Verification Status 'W,' only one Disbursement Allowed	Rejected
421	Disbursement Generated after Verification Deadline Date	Rejected

Special Disbursement Record Edit Codes

Edit Codes	Message	Type
501	Invalid Origination ID (not in Valid Format)	Rejected
502	Origination ID does not Match on RFMS	Rejected
503	Disbursement Reference Number not Valid	Rejected
504	Disbursement with this Reference already Exists (Duplicate Special Disbursement)	Rejected
505	Disbursement Amount not Valid	Rejected
506	Disbursement Amount not in Range	Warning
507	Debit/Credit Indicator Flag not Valid	Rejected
508	Disbursement Date not Valid Date Format	Rejected
509	Disbursement Date not Valid for Processing Date or not in Valid Range	Rejected
510	Invalid Payment Period Start Date or not within Valid Range	Rejected
511	Invalid Payment Period End Date or not within Valid Range	Rejected
512	Payment Period End Date Prior to Payment Period Start Date	Warning
513	Invalid Total Payment for Payment Period	Warning
514	Invalid Academic Calendar	Warning
515	Invalid Payment Methodology	Warning
516	Invalid Enrollment Status	Warning
517	Number of Payment Periods Less than Payment Period Number on Last Accepted Disbursement	Warning
518	Invalid Payment Period Number (not in Valid Format)	Rejected
519	Invalid Cost Of Attendance	Warning
520	Invalid Enrollment Status	Warning
521	Invalid Weeks of Instructional Time in Program's Definition of Academic Year	Warning
522	Invalid Weeks of Instructional Time Used to Calculate Payment	Warning
523	Invalid Credit/Clock Hours in Program's Definition of Academic Year	Warning
524	Invalid Credit/Clock Hours Expected to Complete this Payment Period	Warning

Special Disbursement Record Edit Codes (continued)

Edit Codes	Message	Type
525	Origination in "Over_Paid" Status-Positive Disbursement cannot be Accepted	Rejected
526	Potential Concurrent Enrollment-Multiple Reporting Sent Separately	Warning
527	Potential Overaward Payment-Multiple Reporting Sent Separately	Warning
528	Negative Disbursement cannot be Accepted without Previous Positive Disbursement	Rejected
529	Insufficient Negative Disbursement Amount-Negative Disbursement Expected for Difference Amount	Warning
530	Institution Ineligible to Submit Positive Disbursement for this Payment Period	Rejected
531	Disbursement Submitted after End of Processing Year and Institution has not been Granted Administrative Relief	Rejected
532	Origination Indicates Verification Status 'W.' Disbursement Adjusted to 50% of Origination Award Amount	Warning
533	Origination Indicates Verification Status 'W.' Maximum Allowable Disbursement for this Student 50% of Award Amount	Warning
534	Origination Indicates Verification Status 'W,' only one Disbursement Allowed	Rejected
535	Student Not Elgibile to Receive Additional Disbursement Due to Regular Disbursements That Have Been Credited to the Payment Period	Rejected
536	Special Disbursement Amount Adjusted due to Prior Disbursement Balance	Warning
537	Payment Period Number Greater than Number of Payment Periods in Student's School Year	Rejected
538	Disbursement Generated Received after Verification Deadline Date	Rejected
539	Negative Disbursement Adjusted to Reflect Accepted Previous Disbursement Balance	Warning
540	CMO Rejected Student for Inadequate/Missing Eligibility Documentation/Information	Rejected
541	CMO Rejected Student for Inadequate/Missing Fiscal Documentation/Information	Rejected
542	CMO Rejected Student for Inadequate/Missing Award or Disbursing Documentation/Information	Rejected
543	CMO Rejected Student for not Meeting Reporting Requirements	Rejected

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Special Disbursement Record Edit Codes (continued)

Edit Codes	Message	Type
544	CMO Rejected Student for Inadequate or Missing Documentation	Rejected
550	Total Funds Disbursed for Payment Period Previously Reported Using Regular Disbursement Record, no Numeric	Rejected
551	Total Funds Disbursed for Payment Period Previously Reported Using Regular Disbursement Record out of Range	Rejected
552	Total Funds Disbursed for Payment Period Previously Reported Using Regular Disbursement Record Exceeds Amount of Accepted Regular Disbursements	Rejected

When a disbursement record or special disbursement record is accepted or corrected the acknowledgement record reports back the values on file within RFMS for each data element on the Origination Record. RFMS keeps each data element's accepted or corrected value. If an origination record was rejected, the acknowledgement record reports back the values reported by the school for each data element. RFMS doesn't keep any data for a record that was rejected due to errors.

When a disbursement record or special disbursement record has been accepted or corrected the acknowledgement record has a Year-to-Date disbursement amount for the student. The school can use this to help reconcile its records for the student with the Department's records of what the student has received for the year. If the disbursement record or special disbursement record was rejected the Year-to-Date disbursement amount will be left blank.

RFMS Corrections

On a disbursement record, there aren't many items that can be corrected. However, the record layouts explain what corrections will be made on both the disbursement and special disbursement records. RFMS will check to make sure that the student isn't going to receive more than the award amount on the origination record. RFMS also checks to see if disbursements already made by other schools would cause the student to receive more than a Scheduled Award. If the disbursement amount reported on the disbursement record or special disbursement record would cause the student to receive too much, RFMS will reduce the disbursement amount.

Correction Example

Hart University paid Hector $1,666.67 for his full-time enrollment in the fall semester. The calculated amount for the second semester is also $1,666.67. Hart reports this amount (as 0166667) on the disbursement record it submits for the second semester. On the origination record Hart submitted for Hector, the annual award amount was 00330000 ($3,300, which is also Hector's Scheduled Award). The second disbursement amount reported by Hart would cause Hector's total disbursement amount to be $3,333.34, more than the annual award amount accepted by RFMS. Therefore, RFMS reduces the amount on this second disbursement record to 0163333 ($1,633.33), which is the most he can receive without exceeding the annual award amount on file with RFMS.

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REPORTING CHANGES

If the origination record acknowledgements and disbursement record acknowledgements the school has received are accurate and there are no changes to the students' awards, the school must simply retain these records in its files. However, if the information for any student is wrong or changes during the award year, the school may have to make corrections.

The most frequently required changes are to COA, verification status (to update a "W"--payment without documentation), enrollment status (term schools), and payment amounts and dates. Other changes occur less frequently, except in cases of error. For instance, one wouldn't expect the school's academic calendar to change during the award year.

Changes to Origination Record Information

In general, the school only needs to submit an updated origination record if there's a change that will increase the award amount. The school has to report increased award amounts, or else RFMS won't accept disbursements up to the increased amount. To update the origination record, the school sends a new record with the same Origination ID, Original SSN, Name Code, and Attended Campus ID as the previously accepted origination record. If any of these are different, RFMS will assume the school is sending in a different origination record instead of updating an existing record. If all these identifiers match those on a previous origination record, RFMS replaces the data from the previous record with the data on the new origination record.

Verification status

As mentioned previously, a school can't make more than one disbursement for a student selected for verification until the student supplies documentation to verify or correct the application data. As long as the student's verification status is "W", RFMS will reject any disbursement submitted after the first disbursement, and will also correct the first disbursement if it's for more than half the award amount. As soon as the school completes verification, it must submit an origination record with the revised verification status and also submit applicable disbursement records or special disbursement records. If the school doesn't make this correction, RFMS will change accepted disbursement amounts to zero in early August at the end of the award year.

Optional corrections

Some corrections or changes don't have to be reported to RFMS:

- *Estimated Disbursement Dates.* Because the disbursement dates reported on the origination record are only estimated, the school doesn't have to submit an updated origination record if the actual disbursement dates are different.

- *Verification Status.* If the verification status accepted by RFMS for the student was N, A, T, C, R, or S, the school doesn't have to report a change to that status. If the student's status was "W,"

the school must report a change to that status once it receives full documentation from the student and completes verification.

- *Academic Calendar.* The school doesn't have to report a change from one type of standard academic term to another (for example, from a quarter system to a semester system). Other calendar changes (for example, from a credit-hour to a clock-hour calendar) must be reported.

- *Cost of Attendance.* The school doesn't have to report a change that doesn't increase the amount the student will be paid for the year.

- *Enrollment Status.* The school doesn't have to report a change to enrollment status that doesn't increase the amount the student will be paid for the year. It will have to report a change in enrollment status if a student attends for a longer period than expected and the result is a greater award. For example, if a student reported as enrolled three-quarter time decides to attend summer school as a three-quarter-time student (in addition to attending fall and spring terms three-quarter time), the school must change *Enrollment Status* to "Other" at the same time it reports the larger award amount. If the school leaves the student's status as three-quarter time, RFMS assumes that the student's three-quarter-time award is being exceeded, and the larger award amount won't be put on file for the student.

- *Weeks of instructional time used to calculate payment, Credit/Clock Hours in all payment periods expected to complete this school year.* The school doesn't have to report a change to these items if the change doesn't increase the amount the student will be paid for the year.

- *Weeks of instructional time in program's definition of academic year, Credit/Clock Hours in programs definition of academic year.* The school reports a change to these items only if it's redefining its academic year. (For example, the school decides to change its 32-week academic year to 30 weeks.)

Changes to Disbursement Information

To correct payment amounts, the school submits a new disbursement record or special disbursement records. Unlike origination records, the information on the new disbursement record or special disbursement record doesn't replace the existing record. Instead, the payment amount reported on the new disbursement record is added to or subtracted from the accepted payment amount, resulting in a new total payment to the student.

Because the old disbursement record information isn't replaced, a school can't actually correct an incorrect disbursement date. If a school reported an anticipated disbursement that wasn't made, it should simply send in a new disbursement record or special disbursement record with a negative disbursement amount for the amount it reported it would pay.

Reporting Deadline Cite
34 CFR 690.83; July 10, 2000 Federal Register notice, 64 FR 42340

Reporting Deadline Example
On November 4, Woodhouse College determines that a Pell award it has previously reported to the Department must be reduced. On November 12, it pays five new recipients and determines that it must increase the amount it reported for another student's award. December 4 is 30 days after November 4, so Woodhouse must report the downward adjustment by that date. On December 4, the school bundles the November 4 and November 12 payments and adjustments and submits new disbursement records for them all, plus an updated origination record for the increased award. Woodhouse could also have waited until December 12 to report the changes from November 12.

On December 17, Woodhouse pays another new student and learns that a student for whom it submitted a disbursement record reporting a spring semester disbursement won't be returning. January 16 is 30 days after December 17. Therefore, January 16 is the deadline by which Woodhouse must submit new disbursement records for these two changes.

Deadline Note
Usually the Pell submission deadline is September 30 after the end of the award year. However, September 30, 2001 is a Sunday, so the deadline has been moved to the following Monday, October 1.

Late Adjustments Cite
34 CFR 690.83(d)

REPORTING DEADLINE

A school must submit a disbursement record within 30 days of the date the school becomes aware of a Pell change (for example, a new recipient, or an increased award). Schools may do this by reporting once every 30 calendar days (or more frequently), or may set up their own system to ensure that changes are reported in a timely manner. For example, a school may decide to report every other Friday on all changes since the last report, or a highly automated school may set up a program to check the records daily for changes and report the changes the same day. In some cases, the school may also need to submit an updated origination record.

If a school doesn't report any data for a period of 30 or more calendar days, the Department will consider that the school had no data to report for that period, and any actions (such as changes in authorization levels) will be based only on the data reported up to that time. The 30-day reporting requirement ensures that federal funds won't remain at a school when its students don't need the funds. It further ensures that if the student transfers to another school, Pell payments to the student through the new school won't be blocked. Schools that don't submit required records or don't submit them on time, and schools that submit incomplete records, will have their Pell allocation reduced and may be fined.

A school can submit disbursement record batches more frequently than once every 30 days. A school can submit batches daily or weekly if it chooses. Schools can submit an unlimited number of batches. Note that all disbursement records for the 2000-2001 award year must be submitted by October 1, 2001 (but see below for exceptions). A school may need to submit disbursement records after the end of the award year to report summer school payments, students who need verification completed, or outstanding changes. The school must be sure that it submits these records before October 1. Remember that RFMS must have an origination record on file before any disbursement records or special disbursement records will be accepted.

Adjustments after October 1

Records with negative disbursement amounts will be accepted after the normal submission deadline. This allows schools to reduce overpayments whenever they're discovered.

If a school needs to report a new origination, increase an award amount on an origination record, or report a positive disbursement amount after October 1, 2001, the school can request administrative relief. A school can ask for administrative relief based on unusual circumstances beyond the school's control or a processing error caused by the Department or one of its contractors.

These requests must be made in writing and must be received by January 31 of the calendar year following the award year (for example, by January 31, 2002 for the 2000-2001 award year). Requests for such actions should be sent to:

ATTN: Administrative Relief Coordinator
U.S. Department of Education
Pell Operations Team
Schools Channel, OSFA
P.O. Box 23781
Washington, D.C. 20026-0781

If you have questions about administrative relief, contact RFMS Customer Service at 1-800-4-PGRANT (1-800-474-7268).

Late adjustments due to program review or audit

Audit Adjustment Procedures Cite
"Dear Colleague" Letter P-97-2, June 1997

In certain limited audit adjustment or program review circumstances, a school can receive reimbursement even if it didn't submit correct disbursement records for a student before the submission deadline. The Department will reimburse a school for funds found to be owed to the school during an audit conducted after December 31, 1988—including funds for which reimbursement to the school wasn't requested before the audit, provided all applicable Department rules and requirements were met. In order to receive reimbursement under this provision, the school must show that it qualifies based on a finding in the school's first required compliance audit of the award year; the audit report must have been submitted by the appropriate deadline. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information about audit requirements and deadlines.)

A school can also receive reimbursement if under a program review it's documented that the school submitted a disbursement record for a student before the deadline, but didn't submit correct disbursement records for that student. In order to receive reimbursement, the underpayment must be at least $100, and a program review must show that the student was eligible to receive more than the school originally reported.

Note that the final deadline (published in the *Federal Register* each award year) for submitting disbursement records will continue to apply. A school that misses the regulatory deadline wouldn't be in compliance with Federal Pell Grant Program requirements.

Adjustments due to overpayments

A school can adjust the student's disbursement amounts for an overpayment whenever it determines that a student was ineligible to receive all of the Pell funds disbursed. The school must report the reduction to the proper amount whether or not it can collect the overpayment from the student, unless the school wasn't liable for the overpayment; in that case, the school reports the amount to the Debt Collection Service (see Chapter 5 of this volume and Chapter 3 of the *SFA Handbook: Student Eligibility [Volume 1]* for more information on how to handle overpayments).

MULTIPLE REPORTING RECORD

In order to reduce potential overpayments, RFMS has a record, called a multiple reporting record (MRR). This record can be used to tell schools when another school has submitted an origination record or disbursement record on a student for whom it has submitted records. The MRR became available for schools to use in January 2000 for the 1999-2000 award year. Schools will be permitted to request these records, but they will also be sent automatically in some situations. In "Dear Colleague" Letter P-00-01, the Department details the MRR process and provides guidance for schools when using this feature of RFMS.

Requesting MRRs

Schools can request a number of different kinds of MRRs. For example, the school can request information on other schools that have submitted origination records for certain students, or other schools that have submitted disbursement records. The school can request information about all students it has sent origination records for, about selected students, or about an individual student. Or, the school can ask for information on all students for which a particular school has submitted a record.

Automatic MRRs

MRRs are generated automatically only for specific situations involving reported disbursements at two or more schools. The first is if RFMS must reduce or reject a payment to prevent an overaward. The second is if the student is receiving payments for concurrent enrollment.

Potential overaward

If the combination of payments reported would cause the student to receive more than a Scheduled Award, the last disbursement record (the one that causes the student to exceed the Scheduled Award) will have its payment amount reduced or rejected. This prevents the student from receiving an overaward. All the schools involved will receive an MRR. The school that had its disbursement amount reduced or rejected will receive an MRR that shows which other schools made payments that prevented RFMS from accepting its disbursement amount. The other school or schools will receive an MRR showing that its payments have blocked another school from receiving payments. The MRR also has contact information for the other schools, so the financial aid administrator can contact them to resolve the problem.

Concurrent enrollment

Because a student can't receive Pell funds from two schools for the same period of enrollment, RFMS provides an MRR as a warning to schools if it looks like the student may be receiving payments from different schools for the same time period. If RFMS receives disbursement records for a student where the enrollment dates are within 30 days of each other, it will generate an MRR for each school. This MRR will have a record type code of "CE" which shows that it was

Data Request Edit Codes

Edit Codes	Message	Type
601	Invalid Attending Pell ID	Rejected
602	Invalid Data Request Type	Rejected
603	Invalid Requested Output Media Type	Rejected
604	Invalid Pell Batch Number	Rejected
605	Invalid Multiple Reporting Request Code 1	Rejected
606	Invalid Multiple Reporting Request Code 2	Rejected
607	Invalid MR Student ID	Rejected
608	Invalid MR Institution ID	Rejected
609	Requested/Matching Data Not Found	Rejected
610	Student Not Originated at Requesting Institution	Rejected

generated because of a possible concurrent enrollment. However, RFMS won't prevent either payment, because it's possible that the student's enrollment at one school might end before the enrollment at the other begins. Once again, the MRR has contact information, so that the financial aid administrators can resolve any possible problems, such as a potential overaward situation.

Concurrent Enrollment Example

Eric is enrolled in a clock hour program at Sarven Technical Institute. Sarven reports an enrollment date of August 16, 2000 on the origination record it submits for Eric. Eric is also enrolled part-time at Ivers Community College. Ivers submits an origination record with an enrollment date of September 7, 2000. On August 23, Sarven submits a disbursement record for Eric, which is accepted by RFMS. No automatic MRR is generated yet, because only one school has submitted a disbursement (although either school could have requested an MRR that would show that the other school had submitted an origination record for Eric). On September 2, 2000, Ivers submits a disbursement record for Eric. RFMS now automatically generates an MRR for each school.

YEAR-TO-DATE RECORDS

As a replacement for the Student Payment Summary, RFMS has Year-to-Date records. The Year-to-Date file will have origination and disbursement information for each student, as well as summary information for everything the school submitted. However, the Year-to-Date data only includes information from those records that were accepted or corrected. RFMS doesn't keep any information from rejected records, so that information isn't available in the Year-to-Date records. Unlike the Student Payment Summary, Year-to-Date records aren't automatically sent to schools; instead, schools must request Year-to-Date records.

The Year-to-Date origination record for a student will show the origination information RFMS is using for the student. If RFMS made corrections to the data, the Year-to-Date record has the corrected information. This record will also have the total amount disbursed to the student for the year. The Year-to-Date disbursement records for the student show the accepted data for each disbursement the school reported. Looking at the Year-to-Date records lets the school see what information the Department has about its students, which may be different than the information in the school records.

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The Year-to-Date summary will show the number of recipients at the school, the number of origination and disbursement records that were accepted, corrected, or rejected, and, for a certain number of edit codes, the number of times the school received that edit code on an acknowledgement.

The software the school is using should allow it to generate the information it needs for reconciling its records with the Department's record. For example, the school may be able to automatically compare its records to the Year-to-Date record to get a list of students who have differing disbursement amounts in the two sets of records. You should consult the documentation for your software for more information on the uses of Year-to-Date data.

REQUESTING FUNDS

RFMS enables the Department to track schools' need for Pell funds during the award year and to adjust Pell authorizations accordingly. The system ensures that federal funds don't remain at a school when its students don't need them. When the school requests funds from the Department, that request is handled by a different system, GAPS. Schools that participate in the Federal Pell Grant Program use GAPS to submit their payment requests.

Automated Clearing House (ACH)

The Department's Financial Payments Group uses a payment system called the Automated Clearing House/Electronic Funds Transfer (ACH/EFT). The ACH/EFT is essentially a direct deposit system. Most postsecondary schools that participate in the SFA Programs use the ACH/EFT. If you're responsible for your school's fiscal office activities, you should refer to the GAPS User's Guide and to the current edition of the SFA *Blue Book*.

A second method for requesting funds from EDCAPS/GAPS is through FEDWIRE. Under this method, requests for funds go directly to EDCAPS/GAPS. Most state institutions use FEDWIRE. See the GAPS User's Guide mentioned above for further details.

Administrative Cost Allowance

A school participating in the Federal Pell Grant Program is entitled to an administrative cost allowance (ACA) to help offset the costs of administering the program. The Department notifies the school of the amount of its ACA several times a year, and pays the school automatically by EFT. The school doesn't need to request the ACA.

A school receives $5 for each of its reported Pell recipients. Students who later withdraw are included in the number of recipients, as are transfer students, but those whose disbursement records are rejected by the Department aren't included. The ACA must be used only to help pay the costs of administering the Federal Pell Grant Program and the campus-based programs (see the *SFA Handbook: Campus-Based Programs Volumes*). If the school enrolls a significant number of less-than-full-time or independent students, it's required to

use a reasonable proportion of the ACA to assure that financial aid services are available to those students.

Disbursing Pell Awards

CHAPTER 4

This chapter explains how payments can be made and when payments can be made. A school must pay any student who is eligible (including payment for less-than-half-time students), and must make payments for all eligible periods of enrollment (including remaining eligibility for students in summer school terms).

GENERAL SFA REQUIREMENTS

Cash Management Cite
34 CFR 668, Subpart K

The cash management regulations provide uniform rules for disbursing and managing funds for all programs (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information). There are also some Pell-specific disbursement rules that we'll discuss in this chapter.

Credit to Account Cite
34 CFR 668.164(d)

Methods of Disbursement

Direct Disbursement Cite
34 CFR 668.164(c)

There are several ways a school can pay a Pell to a student. The school can:

- credit the student's account for any outstanding education expenses, or
- pay the student directly by check or EFT, or cash dispensed to the student for which the school gets a signed receipt.

The school must have authorization from the student to pay him or her by EFT (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more about this requirement). Usually, a school will use the Pell Grant to credit the student's account for any unpaid charges for tuition and fees (and room and board, if provided by the school), and then will pay the remaining Pell Grant (if any) to the student for remaining living expenses.

Limitation on credit to account

The school can use the Pell Grant to pay charges besides tuition and fees or room and board provided by the school only if the student gives written authorization. The school can't require the student to authorize payment of such charges. As with any SFA funds, payments can be made only for education expenses.[10] If a credit balance remains after the Pell is credited to the student's account, the balance must be returned to the student unless the student provides written authorization for the school to hold the funds. (See the *SFA Handbook:*

10. Pell funds can't be used to repay a student's loan. Loan payments aren't considered an education expense.

Institutional Eligibility and Participation [Volume 2] for more on authorizations and credit balances.)

Early Payment Option

Early Payment Cite
34 CFR 668.164(f)

A school can pay a student before the beginning of a payment period if the student's already registered for that payment period. The earliest a school can disburse a Pell is 10 days before the first day of classes in the payment period. Remember that in a clock-hour program or a nonterm or nonstandard term credit-hour program, the school can't pay a student until he or she has completed the coursework for the previous payment period (see Chapter 2 of this volume).

If the school disburses the Pell before the payment period begins, but the student never actually begins attending any classes, the school must return the money to the Pell account. (If the student begins attending some but not all of his or her classes, the school may have to recalculate the award—see Chapter 5.)

Notification of Payment

Notification Cite
34 CFR 668.165(a)(1)

The school must notify the student of the amount he or she will be paid and the method of payment (by credit to the student's account or directly to the student). If the school will be paying the student by check, it must tell the student when the check will be available and where to go to pick it up. (It's helpful to include the cashier's office hours in any notification.)

Late Disbursements

Late Disbursements Cite
34 CFR 668.164(g)

Ordinarily, a student who has lost his or her Pell eligibility before receiving a disbursement can't be paid. However, in some cases a school can pay a student if it received the student's valid output document while the student was eligible for payment, but the student lost eligibility before his or her account was credited or he or she received a payment. The school must have received the student's valid output document before the student became ineligible, and can only pay the student if the funds are used to pay educational costs incurred while the student was enrolled and eligible. Also, the student must be ineligible solely because he or she is no longer enrolled. Finally, the school must make the disbursement within 90 days after the student becomes ineligible. A late Pell disbursement can be made by crediting it to the student's account to cover institutional charges or by paying it directly to the student (in cash or by check or EFT) for noninstitutional costs, such as living expenses. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information on late disbursements.)

Late Disbursement Example
Jenna enrolls at Hart University. She submits a valid SAR during the second week of classes and is eligible for payment at that time. But by the time the check is processed for her and she has been notified to pick it up, she has withdrawn from school.

Hart can pay Jenna if it makes the disbursement within 90 days of her withdrawal. The aid administrator at Hart must first determine what aid Jenna has earned for the enrollment period still exists (that is, what aid hasn't been paid to Jenna).

REVIEWING STUDENT ELIGIBILITY

Reviewing Eligibility Before Payment Cite
34 CFR 690.75(a)

The school must review the student's eligibility at the time it's going to make a payment. For instance, a student might have been making satisfactory academic progress when award letters were mailed in the spring term, but no longer be making progress when he or she comes to the business office for payment at the beginning of the fall term.

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The school must make sure the student still meets the eligibility requirements for the Pell Grant (as discussed in Chapter 1 of this volume), and that the appropriate documentation is kept.

The school is liable for incorrect payments made to the student because of a mistake by the school. The financial aid administrator is subject to a $10,000 fine, a prison sentence, or both if he or she knowingly makes false or misleading statements.

FIRST PAYMENT OPTIONS

Valid Output Document Requirement Cite
34 CFR 690.61

In general, the school can't make a disbursement to the student until it has a valid output document. If the student needs to make corrections to his or her data, or the financial aid administrator wishes to use professional judgment to adjust the student's data, the student must submit the SAR for reprocessing (using Part 2) or the school must make the changes through EDE and receive the new output document before making a disbursement. See Chapter 9 of the *SFA Handbook: Student Eligibility (Volume 1)* for more information on when the student's data must be reprocessed.

Verification Exception

Verification Interim Disbursement Cite
34 CFR 668.58

The school can make an interim disbursement to a student who is selected for verification (including a student selected for verification by the school rather than the CPS). The school doesn't need to have a valid output document to make such a disbursement. See Chapter 8 of the *SFA Handbook: Student Eligibility (Volume 1)* for more information.

TIMING OF PAYMENTS

Timing of Payments Cite
34 CFR 690.76(a)

The school can use its discretion in disbursing funds within a payment period to best meet a student's needs. For instance, some schools pay students on the first day of class in a payment period, while others wait until the end of the add/drop period. Other schools pay students in monthly installments to help meet living expenses throughout the payment period. (Note that if the school rations payments to students by crediting the entire payment for the payment period to the student's account and making periodic payments to the student from these funds, it must have the student's written authorization.) In all cases, however, the full amount due the student for a payment period must be disbursed to the student before the end of the payment period.

Retroactive Payment

Retroactive Payment Cite
34 CFR 690.76(b)

The school can pay a student retroactively for any completed payment periods within the award year if the student was eligible for payment in those periods. Thus, if the school receives a valid output document for the student while he or she is enrolled as an eligible student in the summer term, but the student was also enrolled and eligible for payment in the fall term, that student must be paid retroactively for the fall term. However, the fall payment would be based on the hours completed by the student for that term. If the

student had enrolled full time at the beginning of the fall term but dropped to half-time status by the end of the term, the retroactive payment must be based on half-time status.

A school can make any retroactive payments in one lump sum to decrease the administrative workload.

Releasing a Check Later

If the student doesn't pick up the check on time, the school must still make the check available to the student for 20 days after the student's last day of enrollment for that award year. (Instead of holding the check for that period, the school can cancel the first check and issue a new check when the student requests payment.)

Releasing a Check Cite
34 CFR 690.78(c)

If the student hasn't picked up the check at the end of the 20-day period, the school can credit the student's account only for outstanding charges for tuition and fees and room and board for the award year. If the student contacts the school to request the check more than 20 days after the student's last day of enrollment, the school can pay the student through the next payment period (if it chooses) even though the student's no longer enrolled. The school can mail the check to the student rather than waiting for him or her to return and pick it up.

Releasing a Check Example
Eileen attends the fall term at Ivers Community College. Ivers credits Eileen's account for tuition and fees early in the term and sends a letter to her to notify her of the payment, and to tell her to pick up a check for the remainder of the grant. However, at the end of the term, Eileen still hasn't picked up the check.

Ivers must release the check to Eileen if she claims it within 20 days after the end of the fall term. If she withdraws from school but enrolls again later in the award year, Ivers must again make the payment for fall living expenses available to her.

Payments to students who have completed a program

If there's a delay in a school receiving its Pell funds, some students could complete their program or academic year before receiving their final Pell payments. If this happens, as soon as the school receives its funds, it must pay any student for whom it received a valid output document. Even though these students would receive their payments late, no regulations would be violated given that the students had previously met all the requirements for payment.

STUDENTS WHO WITHDRAW AND LATER RETURN

If a student withdraws during a payment period, the school might need to return Pell funds to the Department if the student has not earned a portion of his or her Pell Grant (see Chapter 6 of the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*). If the same student later returns to school, there can be some restrictions on further Pell payments the student can receive.

Paying Returned Amount

A student who withdraws but re-enrolls in the program in the same award year can be paid the Pell Grant amount that was returned to the Pell Grant account.

Paying Refunded Amount Example
Sarven Technical Institute pays Kerr a Pell disbursement of $875 for the first of three payment periods. Kerr then withdraws in that payment period. Sarven performs a return of Title IV funds calculation and returns $400 to the Pell account. If Kerr re-enrolls in the same award year, he must be paid the $400 when he re-enrolls in the program. When he completes the hours in the first payment period, he'll be eligible for the Pell disbursement for the next payment period.

Retaking Hours and Courses

In general, students at term-based credit-hour schools can receive Pell funds for retaking coursework. The situation is more complicated at clock-hour or nonterm credit-hour schools. If a student withdraws from a clock-hour program or nonterm credit-hour program but re-enrolls in the same award year, or in the subsequent award year, the

student will be held accountable for the remaining clock or credit hours in the payment period before the next disbursement of the Pell Grant can be made. However, in the case of a student who re-enrolls two years after withdrawing, the school can pay the student without waiting until the student has completed the hours from the previous period of enrollment.

If the student receives his or her Scheduled Award for a clock-hour program, completes the entire program, and later decides to retake the program, the student could again be paid for the entire program.

The difference in the treatment of a student at a clock-hour or nonterm credit-hour school versus a term-based credit-hour school is that at a term-based credit-hour school, a student can be paid to repeat a course and doesn't necessarily have to complete the program before he or she can be paid for that course. Generally, at a clock-hour or nonterm credit-hour school, the student can be paid again for clock hours or credit hours that he or she has already completed at that school only if he or she has completed a program and re-enrolls to take that program again or to take another program.

Recalculations and Overpayments

CHAPTER 5

The student's circumstances can change after the award has been calculated and paid. The school may also discover after paying the student that the student received more than he or she was eligible for. In this chapter, we discuss when a school is required to recalculate an award, and what the school does about overpayments.

RECALCULATIONS

Recalculation for EFC Change Cite
34 CFR 690.80(a)

The Pell award may have to be recalculated if the student's information changes after the initial calculation or disbursement. Of the significant factors that go into calculating a Pell award, the three that are most likely to change are the EFC, enrollment status, and COA.

Change in the EFC

A student's EFC may change during the award year for three reasons:

1. *Corrections.* The student may have to correct an error on the original FAFSA or on the previous output document. This frequently occurs as a result of verification, but it may also be a result of the student's own review of his or her data. If the student has already been paid based on the original EFC, the award will have to be recalculated.

2. *Updating.* Some students must update certain items, such as dependency status, household size, and the number in college (see the *SFA Handbook: Student Eligibility [Volume 1]* for details).

3. *Professional judgment.* The aid administrator may, on a case-by-case basis, adjust one or more of the data elements used to calculate the EFC. The aid administrator may need to adjust the data elements during the award year to reflect a student's changed circumstances: For example, if a wage-earning parent dies after the student's first semester, the aid administrator could adjust the adjusted gross income in the EFC formula to reflect the loss of income.

If the new EFC would change the amount of the Pell award, the school must recalculate the Pell award for the entire award year. If, as a result of the recalculation, the student has received more than his or her award amount, then the student has received an overpayment. In most cases, the school can adjust by reducing or canceling later

Verification Exception Cite
34 CFR 668.60(c)(1)

payments to the student, but see "Overpayments," in this chapter for more information on handling overpayments.

Valid output document

If the school receives an output document with an EFC different from the one used for the payment calculation, the school must first decide which document is valid. If the new information is the valid information, in most cases the school must recalculate the student's Pell award for the entire award year based on the new EFC.

Verification exception

A student selected for verification can't increase his or her eligibility if the school obtains the corrected output document during the "verification extension" period (90 days after the student's last day of enrollment, not to extend beyond August 31 following the end of the award year). For example, if the student submits a reprocessed SAR during the extension period and the SAR has a lower EFC than the previous SAR (increasing the student's eligibility), recalculation is not permitted. The student would be paid based on the higher EFC on the SAR that was submitted earlier. However, if the corrections reduce the student's eligibility (that is, if the reprocessed SAR had a higher EFC), then the award must be calculated based on the reprocessed SAR.

Change in Enrollment Status

Recalculation for Enrollment Status Change Cite
34 CFR 690.80(b)

Pell payments to students in clock-hour programs and programs without terms are always based on the full-time Payment Schedule; therefore, no recalculation is necessary for changes in the hours taken by students in these programs.

Required Recalculation Example
Edmund registers for a full-time course load (15 hours), and Hart University calculates his Pell based on full-time enrollment. Hart disburses Edmund's Pell 10 days before the term starts. When the term starts, Edmund only begins attendance in three classes (9 hours). Hart needs to recalculate Edmund's award based on the lower enrollment status. Any difference between the amount Edmund received and his new recalculated award is an overpayment (see "Overpayments," in this chapter for information on handling overpayments).

Required recalculation

In a term program that uses credit hours, a school must calculate a student's payment for each term based on the enrollment status and length of enrollment for that term. If a student attended full time for the first term and then enrolled half time in the second term, the school must use the half-time enrollment status to adjust the student's payment for the second term. In addition, if the student doesn't begin attendance in all of his or her classes, the school must recalculate the student's award based on the lower enrollment status.

Optional recalculation

The regulations don't require any recalculation for changes in enrollment status after the student has begun attendance in all of his or her classes. However, the school can have a policy of recalculating an award if a student's enrollment status changes at any time within a term. If such a policy is established, it must be applied consistently to all students: If the school chooses to recalculate for a student who changes from half time to full time, it must also recalculate for a student whose enrollment status decreases. If the school establishes a policy allowing optional recalculations, this policy must be in writing.

A school can include as part of its policy that it will recalculate a student's award only when the change in enrollment status occurs

before a specific date in the payment period. For example, a school can establish a policy that it will recalculate Pell awards only for enrollment changes that occur up to the "add/drop" date of a term. A school isn't required to establish such a date; it may continue to have a policy under which it recalculates for changes throughout the entire term, or may continue to perform only the required recalculations.

Enrollment Change within Payment Period Example

Emma registers full time at Woodhouse College, submits a SAR, and begins attending all of her classes. Woodhouse calculates a full-time award but, by the time Emma comes to pick up the check, she's dropped to half-time enrollment. Emma is still paid based on full-time enrollment, as long as she's still eligible for the payment. On the other hand, if Woodhouse didn't receive a valid output document for Emma until after she'd dropped to half-time enrollment, the Pell calculation would be based on her enrollment status at the time the output document was received (half time).

Payment when enrollment changes within a term

If a school doesn't establish a policy for recalculation within a term, a student who begins attendance in all classes would be paid based on the initial calculation, even if his or her enrollment status changes before the payment is made. However, if the school doesn't have a valid output document until after the enrollment status change, the payment amount is based on the enrollment status at the time the output document was received by the school.

A more drastic change in enrollment status, when the student withdraws from school completely, is discussed in Chapter 6 of the *SFA Handbook: Institutional Eligibility and Participation (Volume 2)*.

Change in Cost of Attendance

Schools aren't required to recalculate Pell awards for COA changes during the award year. However, if the school recalculates Pell awards for a change in enrollment status, it must also take into account any changes in the COA at that time. For example, if a student enrolls full time for the first semester and then drops to less-than-half time during that semester, the student's COA will change, because only certain cost components are allowed for less-than-half-time students. If it's the school's policy to recalculate for the enrollment change, it must use the cost for a less-than-half-time student for a full year to calculate the student's less-than-half-time award. The school can't combine the two costs or average them.

Recalculation for COA Change Cite

34 CFR 690.80(c)

COA changes between payment periods

Some schools choose to recalculate awards when the COA changes from one payment period to the next—for example, because of changes to the student's tuition and fee costs, or because the student's living situation changes (such as when the student moves off campus). A school can recalculate Pell awards for cost changes within the award year, as long as the recalculation policy is carried out for all students whose costs change.

COA changes within a payment period

Some schools also recalculate financial aid awards when a student's costs change within a payment period. For instance, if a student with no dependents moves from a dormitory to off-campus housing at midterm, the school may wish to recalculate the student's award for that payment period. Again, for Pell purposes, such a policy is acceptable if it's carried out for all students whose costs change within the payment period. Note that a school can establish a policy of recalculating for cost changes from one payment period to the next,

and at the same time, have a policy not to recalculate for cost changes within a payment period.

The school can't recalculate the payment for a payment period that took place before the cost change. For instance, in the example above, if the student lives in the dormitory during the first quarter and then moves off campus for the second and third quarters, the recalculation would only affect the payments for the second and third quarters.

OVERPAYMENTS

A Pell overpayment occurs any time the student receives a payment that's greater than the amount for which the student is eligible. Most overpayments are due to one of the following:

- Student error, such as failing to report the spouse's income on the application, or failing to report attendance and financial aid received at a previous school.
- School error, for instance, when a student's award is taken incorrectly from the Payment Schedule, or when the school pays a student who isn't making satisfactory progress.
- Required recalculations, such as when a student never begins attending class or does not begin attending all of his or her classes, or withdraws from school after receiving a disbursement for living expenses. (See "Recalculations," earlier in this chapter, and Chapter 6 of the *SFA Handbook: Institutional Eligibility and Participation [Volume 2].*)
- Optional payments, for instance, when the school makes an interim disbursement to a student selected for verification, but the student never completes verification.

School Liability for Overpayment Cite
34 CFR 690.79(a)(2)

No matter what the reason for the overpayment, it must be repaid. If the overpayment is the result of a school error or an optional payment, the school must repay the Pell account whether or not it succeeds in collecting the overpayment from the student. Note that a school can't reduce a student's Pell award from the current award year to eliminate a Pell overpayment from a previous award year. For example, if a student received an overpayment in 1999-2000, a school can't reduce any portion of the student's 2000-2001 Pell award to eliminate the overpayment.

Chapter 3 of the *SFA Handbook: Student Eligibility* (Volume 1) has an extensive discussion of overpayments, but there are some factors that are only relevant to Pell, which we'll discuss here.

Reporting Overpayments Collected

If a school collects or repays an overpayment for the current award year, it reports the decrease in the student's award to RFMS using its normal reporting method (see Chapter 3 of this volume for

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information on how to report decreased awards). The school can also use RFMS to report a decreased award after the general disbursement record submission deadline; for the 2000-2001 award year, decreased award reports will be processed at least through September 30, 2006.

Overpayments from previous award years

If a student repays a Pell overpayment for a prior award year, the school must deposit the funds in its institutional federal funds or Pell account and report the decrease in the student's award to RFMS. The funds can then be used for current year disbursements. See Chapter 3 of this volume for more information on reporting decreased awards.

Reporting and Referring Overpayments

A school is required to report any unresolved overpayments to NSLDS within 30 days of learning of the overpayment. See Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1)* for more on this reporting requirement.

The school must notify the Department's Debt Collection Service (DCS) if it doesn't establish a satisfactory repayment arrangement with the student. The school can choose to refer all Pell overpayments to the DCS or it can repay overpayments for its students and establish its own satisfactory repayment arrangement with the students. If the school is unable to eliminate an overpayment that isn't the school's fault, the school must refer the student's case to DCS for collection. More information about the referral process is in Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1).*

PREVENTING OVERAWARDS

An overaward is an amount that exceeds the student's financial need. The Pell Grant is regarded as the first source of assistance to the student and thus isn't adjusted to take into account other aid, even if the student's combined aid package exceeds the student's need.

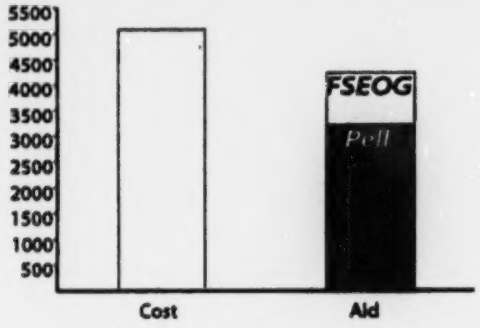
Resources and Estimated Financial Assistance

To help prevent overawards, an estimate of the student's Pell eligibility is included as a resource in determining campus-based aid or estimated financial assistance in determining Stafford or Direct Loan amounts. The sum of the student's EFC, Pell, campus-based aid, FFEL or Direct Loans, and any other aid and resources can't exceed the student's COA. The school may need to reduce aid it controls (other than the Pell Grant) if it discovers the student might otherwise receive an overaward. (See the *SFA Handbook: Student Eligibility [Volume 1].*)

If the student's aid package includes a loan and the package must be adjusted to prevent an overaward, the Pell can't be used to pay back the loan—a loan repayment isn't an educational expense.

Overaward Example

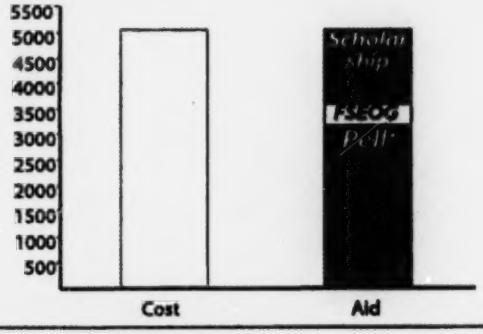
Bill is awarded a $3,300 Federal Pell Grant and a $1,000 FSEOG to attend Kaler Junior College and enrolls in the fall term. His annual cost of attendance is $5,100.



The total aid awarded is $4,300, well within Bill's need (his EFC is 0).

However, the school learns later in the term that Bill will receive a $1,500 art scholarship from a foundation outside the school. The scholarship isn't reduced if the student receives other aid.

The school must reduce Bill's FSEOG to prevent an overaward. (Otherwise, his total aid, $5,800, would exceed his cost of attendance [$5,100] by $700.) The FSEOG award must be reduced by $700, to $300.



NCAA Rules for Student Athletes

The National Collegiate Athletic Association (NCAA) has rules limiting the amount of aid student athletes may receive. However, the law doesn't permit schools to adjust students' Pell Grants. **Student athletes must receive the full amount of any Pell Grant for which they are eligible.** If the student's potential aid plus the student's Pell Grant exceeds the NCAA limits, the school must reduce any aid over which it has control, not the Pell Grant.

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